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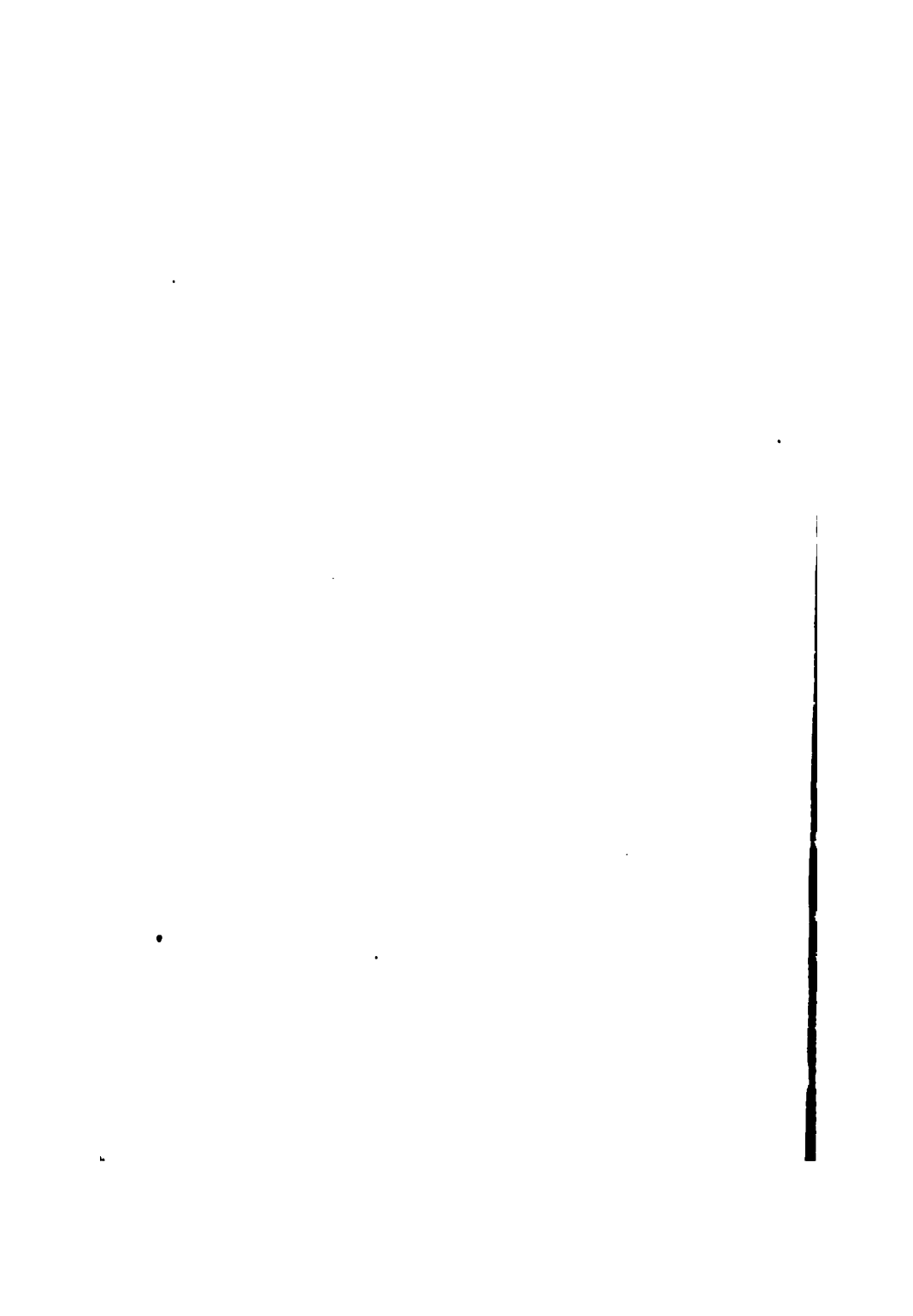


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To John D. Rockefeller Jr.
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PUBLIC POLICY

BY

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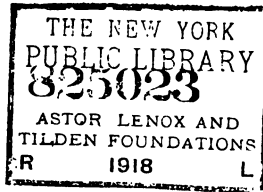
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INTRODUCTION

I. The Failure Of Governments.—In all civilized countries the business of declaring and enforcing Public Policy, or Government, has failed. In Europe the Great Powers, whose interests are identically the same, are in disastrous and deadly conflict with each other. As they hurl their populations, credit and hopes of the future into the maw of the most senseless and unnecessary war of all history, they evidence beyond any question whatever that, with them, the business of declaring and enforcing Public Policy is now in utter bankruptcy.

The possibility of this atrocious war has long been apparent, and its threat has overhung Europe for a generation. As with an insane person, some apparently trifling incident may cause a lucid interval to be changed into a state of raving fury; or, an equally trifling incident may cause the maniac to forget his madness, so the peace and the continuity of the Useful Work of the most powerful, industrious and enlightened nations of the Old World has, by a trivial incident, been transformed in an instant into a pandemonium of unlimited murder and raging destruction. If it be true that this terrible catastrophe was deliberately planned by any clique or faction of either of the opposing alliances, it is certain that the vast populations involved, hitherto engaged in the Useful Work of Civilization, did not intend it. And, if the Useful Work of Europe did not have this consequence involved in its activities, what Useless Work is it that necessarily bears such fruit? For we know

that nothing occurs in nature by chance; we do not gather grapes from thorns or figs from thistles.

Although we, in the United States, are more fortunately situated, our better fortune is not the result of either our intellectual or moral superiority. We are the children of Old Mother Europe, and we are no better and no wiser than the populations of the Old Land. The fact that we are a homogeneous race, inhabiting a continent of our own, speaking one common language and having one similar body of laws and customs, gives to us certain advantages the Europeans do not possess. But, in this immeasurable security from aggression from without, we, in like manner, have failed to advance the Standard of Civilization. For, secure as we have been from the beginning, in the 140 years of our national life we should by this time have so enlightened mankind that the Useful Work of the world could no more be interrupted by wars than that our own powerful and prosperous cities could be overrun by Indians from the plains.

Andrew Carnegie wrote a book, "The Triumphant Democracy," the theme of which is that the European man, free in the United States from the bonds which shackle him in the older countries, proceeds to demonstrate that the fruit of liberty is the acceleration of all Useful Work; that freedom to such does not mean the license to go on a spree or to loaf in mischievous idleness, but to accomplish with greater power and success during the six days of the week what all men in all other lands are, under less favorable circumstances, striving to do. Useful Work is our National Game, or should be; with free and enlightened men the only possible Play is Useful Work.

But there is a discordant note in the hymn of triumph of the democracy; a raucous, harsh and strident series of

under- and overtones which have no place in any other than a Wagnerian "symphony." It may be that this sort of music is "Life," but it is Life still dragging the ball and chain.

For with us our Public Policy is as imbecile as that of Europe; if we do not suffer the same disastrous consequences from it, it is a mere piece of good luck. There is not a city council, a county board, a State Legislature, or a National Congress, that is not run, officered, managed and directed by a lobby of influences and persons wholly outside of the official membership. If it were not for these lobbies it would be entirely impossible to conduct the business of Government. When any question of importance suddenly arises, or in any way comes up for decision, we always find the governmental machinery unprepared, incapable of decision, and it is necessary to transform the nation into a vast debating society so that the puppets of the official or legal governmental machine may have their wires readjusted. There is no direct and continuous communication of the coordinating impulses, suggestions and restraints arising from the necessities of the daily Useful Work of our civilization which, like the accelerating and inhibiting stimuli from the sympathetic nerves and nerve-centers of the living body, can be ever present in the consciousness of Government. As it is with the Europeans, so it is with us: *The work of Government is carried on by men who are not directly concerned, and who are but little acquainted, with the Useful Work of The People.* In times of great trial they have always failed us, but in the ordinary affairs of life they fail us still more. There is this in common with the sort of civilization which exists in Europe and America *that the men who do the Useful Work of the world do not govern the world.* In Europe the business of Government

is conducted by the leaders of the hereditary nobility with the assistance of the representatives of the district majorities; in the United States the business of Government is conducted by the Lobby with the assistance of the representatives of the district majorities. As things which are equal to the same thing are equal to each other, it appears that the Public Policy of our own country is the same sort of a species of worthless thorn as that which the trees of the European forest have made to rule over them, and it is bearing the same sort of fruit.

II. The Constructive, Integrating Forces Of Civilization Are The Representatives Of The Groups Performing The Useful Work Of Civilization.—In our civilization every man's place, wage and honor is determined by the work he does. By the work he does he is related to others and particularly to those who are associated with him in that work. By the work in which he is engaged he is trained and educated, and there is given to him a special "group-consciousness" arising from that work and association, which lifts him up above and beyond the purposes and the intelligence which are merely his by nature. He is robed in the "*toga virilis*" of his proud American citizenship by being engaged in carrying on the Useful Work of the world *as one of the essential groups of those so employed*. In each of these groups there are definite relations which determine the principle of its association with others; by these relations and necessities they are bound together and constitute one living social organism. With these relationships and necessities the arbitrary containing political districts have nothing to do. *Why should we, forgetting the proverb, reject the pudding and feast on the bag?* As the little boy learns that six oranges, four peaches, two apples and one cocoanut make only six oranges, although they are thirteen

"things," so we find that by bunching the groups within the confines of arbitrary election districts, that their chosen common representatives are mere legal abstractions, or merely titular representatives, having no relations towards the active concerns of the individuals of the groups which have had them thrust upon them except through the legal fiction which determined the manner of their choice. Intellectual and spiritual things are not limited by insensate boundaries; we do not live in districts, but in our work and with the people who work with us and who want what we want and who fear what we fear. By the mere accident of living in the same geographical neighborhood as that in which my body is placed no man approaches any nearer to me. Intellectually and morally we are often as far apart as the fixed stars from our immediate physical neighbors. But to the people who feel, purpose and think with us we are near, however far apart in time or place they may be. Geographical juxtaposition is a mechanical, accidental relation; intellectual and moral juxtaposition, the juxtaposition of will, is a personal relation and is the only condition which makes for intellectual and moral solidarity and effectiveness.

The representatives chosen from the political districts do not come out of the moral and intellectual life of the people; they represent only a legal fiction, an accident of circumstance. In their Useful Work the people disclose themselves to be an entirely different reality from the legal political absurdity. In their Useful Work they always elect as their leaders the most competent. No man spends his vote as carefully as he spends his dollar. We go carelessly to the polls and vote for a multitude of candidates about whom we know nothing and care less. In the political interrogation of the people by election districts the groups are disintegrated, their special intelligence and purposes

baffled and negated, and the resulting Consensus is not the Consensus of the group-consciousness of the same people according to the suggestions of the Useful Work which occupies them at other times. The political District-Consensus is merely that of the intelligence and purpose which a majority of the voters there confined all have as an identical characteristic; that is, the intelligence and purpose of the least worthy element necessary to make the most worthy majority. But there is another election which goes on night and day, in which there is no distinction of sex or age, and in which every voter counts exactly for what he is worth. The child with its penny carefully scrutinizes the size and quality of its piece of candy,—by its purchase it votes for the continued existence of that store and it votes its cent far more intelligently than its father ever cast his vote at the polls. From the child to millionaire every purchaser in the Market buys with the utmost intelligence he then possesses, and in this election every one counts for exactly what his purchasing power is worth. By this sort of voting, the suffrage of trade, there is constituted an organization of INDUSTRY which would be ideally perfect if the ballot box was not stuffed by the fraudulent votes cast by those purchasers who expend stolen or fictitious values. Predatory privilege (*i. e.*, non-defensive price raising privilege) stuffs the ballot of INDUSTRY because the group-consciousness of those who are engaged in the Useful Work of society cannot, by reason of the disintegrating district lines, express itself and exercise its functional control over the members of the groups. It would be otherwise if the groups of those who carry on the Useful Work of society could be shepherded by those who are the functionally chosen leaders of these groups. They could infuse the group-consciousness into the members of the groups so that they would *vote as*

they worked, and not be stampeded on election day by a brass band or a leather-lunged political vaudeville performer. PROPORTIONAL REPRESENTATION is the only lasting basis of democracy,—that democracy which rises above and is supreme over its accidents, and is no longer a mere democracy, but a physiocracy governed by the laws of growth and not the caprice of the marginal intelligence of the disassociated group units. By PROPORTIONAL REPRESENTATION we will secure the heroic organization of society. We may have for our daily and common work of GOVERNMENT the services of those who now could only be brought forward in times of the greatest calamity and disaster.

The useful, constructive work of Civilization is necessarily carried on by the operating groups, moved by their class-consciousness and guided by their special intelligence which under the direction of those who preside over the work of the groups gives a solidarity of force and effectiveness to them far beyond the individual capacities of the group units. If we disintegrate the groups and strain their units through the sieve of the marginal intelligence, all their effective, working capacity is lost. But, if the groups are not disintegrated, and, in the process of selection of their representatives the group-consciousness is permitted to play according to the spirit of the work in which the group-units are employed, the solidarity of the consciousness of the group as a unit of and in itself will be the reality which will express itself. The representatives thus selected will not be the representatives of the marginal intelligence, but they will be the representatives of the constructive, integrating forces of Civilization which are performing the Useful Work of Civilization. When assembled they will constitute a legitimate Lobby of all legitimate interests and

into that assembly the microbe of anti-social concern will have no power to enter.

III. The Torture-Chamber Of Public Opinion.—In the primitive, crude criminal practice of early Europe a torture-chamber was a necessary part of the machinery of every criminal court. Because our ancestors did not understand the laws of evidence they were unable to be satisfied with the findings of a court unless the guilt of the person accused was confessed by him. Witnesses might lie; hence unless the prisoner confessed, there was no feeling of certainty that the court had decided properly. It was therefore the practice, if the prisoner was believed to be guilty, to make him confess. The necessity of arriving in some manner at a formal conclusion blinded our ancestors to the absurdity of supposing that a conviction based upon a confession extorted by torture was valid, while a conviction based only upon evidence was not. It was only after the centuries had developed, by the labors of lawyers, the rules of evidence and orderly practice that the torture-chamber could be, and, in fact, was, abolished.

Just as our ancestors were forced to add the torture-chamber to their courts because they did not understand how to proceed in a trial, so we in exactly the same manner put Public Opinion on the rack, we break it on the wheel, and we press it to death and in other barbaric and wicked ways torture it, *because we do not know how to establish a universal consensus except by obtaining majorities from districts.* As the conviction based on torture was a formal conviction which satisfied our ancestors' sense of propriety and justice because they did not know how to obtain a conviction in any other way, so the fiction of the "deestriet" as the imaginary reality that is represented, instead of the associated groups, satisfies us that we do, in fact, select

representatives of the people. But the "deestric" is a fiction of the law, there is nothing whatever in the actual Useful Work of society which corresponds to it. The representative of the "deestric" represents nothing except the corpse of Public Opinion, disemboweled and bloodless, "hung, drawn and quartered."

IV. It Will Be Impossible To Clarify Public Opinion On The Greater Problems Of Sociology Until Public Policy Is Declared And Enforced By The Group Representatives.—I have presented in this little book a series of propositions relating to Political Economy as the conclusions of the Science of Public Policy. These are presented merely for their academic utility as contributions to speculative science. So long as the present machinery of GOVERNMENT operates there will be no HOUSE OF BUSINESS POLICY; neither will there be an issue of THE SEVENTY-FIVE BILLION DOLLAR IMPROVEMENT BONDS OF THE UNITED STATES SECURED BY THE SINGLETAX. Society will not be able to put on its "giant-strength" until it puts its giants on guard.

It is, therefore, the conclusion which I wish to emphasize, that no important betterments, other than such as come by the slow diffusion of culture or the equally slow advances of industrial method, can be hoped for until we are enabled to enlist in the services of GOVERNMENT the representatives of an entirely different Public Policy than those who are the outcome of mere district majorities. The fear of the Mob, ever present since the days of the French Revolution, in the minds of the men concerned with the Useful Work of the world, will forever bar any attempt to exercise through governmental machinery made up of district representatives any extension of power beyond that which is barely sufficient to maintain physical order and peace. Distrustful of the machinery of GOVERNMENT thus constituted

as the representatives of the group-consciousness necessarily are, the powers of GOVERNMENT as an organized form of Useful Work will not be permitted to be exercised on the scale and in the manner that the necessities of our growing population require. This distrust is well founded. The greatest possible danger that could threaten society may arise either from the premature introduction of the SINGLE-TAX or the discovery of a method of producing unlimited power without cost. Either of these would make every man a millionaire and fix upon us forever the present imbecile rule of the marginal character and intelligence.

V. The Lasting Peace.—Peace is the uninterrupted continuity of *all* Useful Work in SERVICE, INDUSTRY and GOVERNMENT. So far as the problems of GOVERNMENT and INDUSTRY are concerned, the peace of the world can only be maintained by the program herein outlined.

PUBLIC POLICY

CHAPTER I

THE HEROIC ORGANIZATION OF GOVERNMENT

1. All Forms Of Useful Work Are Determined By Their Products To Be Either Works Of Service, Industry Or Government.—I am constrained by necessity, in presenting this little book to the reader, to invent and employ strange terms. This is the first time since the old Physiocrats became extinct that a booklet of any kind has been prepared on the subject commonly entitled “Political Economy.” Finding no literature extant, although tons of waste paper load the shelves of our libraries setting forth the morbid hallucinations of “Machiavellian” or Ricardian “Political Economy,” I set forth to explore a virgin continent hitherto unexplored, undiscovered and unknown.

Every form of *Useful Work* is either a work of SERVICE, INDUSTRY or GOVERNMENT, or some sort of blending of one or the other of these. Just as the spectrum presents but three primary colors, out of which by blending all other color-effects are produced, so is it with *Useful Work*. First in order of time, and first in order of importance, is that work which produces *Man*. *Man* as a product is *sui generis*, and must not be confused, or in any manner identified with *Wealth*, the product of INDUSTRY, or with *Public Policy*, the product of GOVERNMENT. What, then, shall we call that work which generates a man, raises

the human infant to maturity, educates, trains, and fits for useful life, and afterwards by every form of ministration polishes by social intercourse, example, entertainment and instruction; stimulates by acts of heroism; which serves in sickness by the work of the nurse and physician, or in health by any care expended upon the moral, intellectual or physical nature, so that thereby a human being is in some sense produced? In the absence of any generally accepted term, I shall call this sort of Useful Work **SERVICE**. **SERVICE** produces *Man*; *Man* being in existence then also produces *Wealth*, and this he does by exerting his powers upon the natural forces and elements apart from his species. When human power is exerted upon *Man* and directed towards the training of the human nature in some way, it is **SERVICE**. When the same power is exerted upon the natural media, or *Land*, so as to impress a character upon matter making it serviceable to human wants, the act is an act of **LABOR** or **INDUSTRY**, and the product or matter impressed with the character which makes it serviceable, is *Wealth*. All men are constantly engaged in acts of **SERVICE** and of **INDUSTRY**, and in these acts some acts are of greater functional importance than others, and the groups of individuals so engaged sustain some necessary relations to each other without which their work cannot be carried on. These relations are not capricious, but grow out of the functional character of their work, so that there must be some sort of order, or subordination of the work of one kind to another. Hence in addition to the Useful Work engaged in acts of **SERVICE** and in acts of **INDUSTRY** there is of necessity another kind of Useful Work whose product is neither *Man*, nor *Wealth*, but *Public Policy*. This third order of Useful Work is **GOVERNMENT**, and all men engage in it also, but the principles controlling these three primary

kinds of Useful Work are as different in kind as their products are different in kind. As this essay is an inquiry into the relations between INDUSTRY and GOVERNMENT only, it is not concerned with the problems of SERVICE, and that order of *Useful Work*, although primarily of supreme importance, is distinguished only to be eliminated from further general discussion. For SERVICE is primarily concerned with the origin, meaning and destiny of Life; its problems are those of Religion and Science in the broadest sense. The relations which exist between SERVICE, INDUSTRY and GOVERNMENT constitute the proud science of *Sociology*; those which INDUSTRY and GOVERNMENT sustain to each other belong to the humbler science of *Political Economy*. *Political Economy* is therefore that branch of the science of *Public Policy* which relates to the nature of the functions of GOVERNMENT in its relation to the functions of INDUSTRY. It is the *Public Policy* of *Business Policy*.

2. Public Policy Is A Product Of Useful Work Employed In Coordinating The Useful Work Of Associating Groups.—Just as all men engage in the work of SERVICE and INDUSTRY to some extent, although they may specialize in one of them, so all men engage in the work of GOVERNMENT, although some, *i.e.*, publicists, politicians and lawyers, specialize in it. As by INDUSTRY *wealth* is produced and distributed, so by acts of GOVERNMENT *Public Policy* is shaped and enforced.

As INDUSTRY is the offspring of SERVICE, so GOVERNMENT is the offspring of both SERVICE and INDUSTRY. For those who are engaged in the two primary forms of Useful Work are employed in performing various sorts of work which are related to each other in certain relations of mutual dependence. All kinds of useful work are not equal in social importance. Thus all the work of SERVICE grows

out of the *Family Life*, and the maintenance and integrity of the *Family* is more important than any of the dependent works of SERVICE. So all forms of cooperative INDUSTRY grow out of the act of *Transportation*, for without the physical movement of goods, no subdivision and association of labor would be possible. Next to the necessity of maintaining the *roads and highways of travel* comes the necessity of maintaining *private property*, and then the various forms of property rights by which, in the development of the civilized from the barbaric state, greater degrees of freedom have been attained. Civilization does not spring into existence with us fully formed, but like an embryo passes through apparently monstrous or foetal stages. During this process of growth the work which excludes practices and usages which interfere with the performance of the proper functions of the groups engaged in Useful Work, both as regards the individual work of a person or group, or of the groups in their relation to each other, is the work of GOVERNMENT. This is accomplished by that work which produces or manufactures a Public Opinion consistent with *Public Policy*. The politician does not manufacture private or group-opinion; he is obliged to take the raw material of Public Opinion as he finds it. Out of the multitude of individual and group opinions he selects those which are consistent with the Useful Work actually carried on which can be enforced by the physical power of the whole community, and these he presents as "Public Opinion" which he seeks to enforce as "Public Policy." This work is distinguished as much by what it rejects of existing opinions as by what it selects, and this selection and rejection is the process by which *Public Policy* is shaped or "manufactured" out of the raw material of existing knowledge and opinion. *Public Policy*

is primarily a *Consensus*, for it has a *public* character. But every *consensus* in which many share is not thereby a part of *Public Policy*. The politician, statesman, publicist and constitutional lawyer is obliged to take a sort of judicial notice of the totality of all necessary work and of the way in which these various sorts of groups engaged in necessary work are necessarily related to each other, and that primary physical necessity of relation must not be disturbed. So long as that is maintained lawmakers may indulge in considerable freedom, and society can tolerate easily many relatively trifling, although actually great abuses, which do not interfere with its serious business. Public Policy is, therefore, that *Consensus* of the groups functioning in the various sorts of Useful Work which is consistent with their functional relationships to each other,—a *Consensus* which is maintained by those who give to this matter their special attention and care, and by creating the *Consensus* command its obedience. By their labors a sort of a highway is constructed connecting one group with another and they are the “road-makers” and “bridge-builders” of the common ways by which ideas travel rapidly from one group to another, while ideas which do not come over these common routes must travel laboriously and with great hardship “across country.”

3. Public Policy Is Concerned More With Service Than With Industry, And Shapes The Conventions Which Dominate In Society, In Instruction And In Literature.—This is because the work of SERVICE is primarily more important than the work of INDUSTRY; SERVICE produces *Men*, and can always mould and control them. Hence Public Policy is always primarily concerned about generally accepted theories of life, and often for purposes of its own manufactures and maintains an artificial theory

to blind the public, just as the horseman puts blinders on his horse. This development of "Machiavellian" Public Policy arises from the fact that the intelligence of the representatives of the district majorities is not great enough to maintain any policy consistent with the necessary Useful Work of mankind, so that in order to divert their attention some useful and constructive fraud and deceit is demanded. Thus at the beginning of the last Century Public Policy decreed that all popular interest in the political reorganization of society for the purpose of economic and social betterment must be discouraged. This was necessitated by the "Reign of Terror," when, in the French Revolution, it was found that the general populace, excited by Utopian dreams of immediate expectancy, came more and more under the sway of the most vicious demagogues, and that the saner and more intelligent elements of society,—as represented by the Girondists,—were, under these circumstances, wholly incapable of competing with the demagogues. Hence it was necessary to teach the people the useful and necessary lie, viz., that population increases always faster than its ability to support itself, and that no reorganization of society is possible which will avoid the consequences of the inevitable over-population resulting from this supposed tendency. This useful lie has now been taught for a century and is still the keynote of all college economics. By it the popular interest in the possibilities of economic betterment by way of political action has been killed off, and the public has been kept at that work which it could be expected to understand so long as it could be "drugged" with the soporific doctrines of Malthus, Ricardo and Mill. For this purpose the professors in the colleges have laboriously struggled, and their text books, although utterly worthless as treatises on the science of Political Economy itself, have been splen-

did illustrations of the art of GOVERNMENT and the methods of maintaining useful Public Policy during the period of government by the representatives of the intelligence of the least worthy elements needed to form district majorities.

The universal spread of the Malthusian or Ricardian economics based on the absurd teaching that on account of the scarcity of fertile arable land the population of all civilized countries was doomed to starvation and diminishing returns can only be explained as a necessary development of "Machiavellian" Public Policy. A century before that time a similar development of Public Policy filled the literature of the 18th Century with the soporific doctrines of "Agnosticism" which aimed to put an end to the religious wars which desolated the 16th Century by teaching that religious doctrines were matters about which no man could arrive at certainty, and that, therefore, they were not worth fighting about. Whatever peace the world has had from religious and economic wars has been due and is now due to the prevalence of the Agnostic and Ricardian developments of "Machiavellian" Public Policy. So long as the intelligence which can control Public Policy is as shallow as it is, it is impossible that deep water craft can navigate in it. The necessities of public order, of social peace and quiet, compel us in moving before the public really important questions, to be as careful as a man walking in a powder magazine. For this reason we are living in a Byzantine age of inanities. Public Policy alone smothered the religious disputes of the 16th Century by the Agnosticism of the 17th, and the revolutionary agitations of the 18th by the Malthusianism of the 19th Century, and the publications which made this possible were legitimate developments of no other sort of science or art than the science and art of GOVERNMENT.

4. Government By The Representatives Of The District Majorities becomes more and more incapable and inefficient as the specialized intelligence of the Nation becomes greater.—The representative of a district must be elected by a majority of the votes cast in the district. He must represent a Consensus which is arrived at by striking out all those opinions, beliefs and judgments which are not common to all, and thereby losing the guidance and responsibility of all those who possess in any degree special knowledge, skill or worthiness of purpose. The real knowledge and worth of civilization does not consist of an "average," for the "average" intelligence is lower than that of any man whose intelligence is standardized to that of any useful group-consciousness in any society of highly specialized industries, and the more the intelligence of trained and educated men of different groups are by training and education specialized, *the lower is the grade of intelligence which they all together have in common.* If such men are compelled to form a consensus by the majority system by representatives from arbitrarily defined districts they will have no possible means of giving expression to the judgments, opinions and special knowledge which they possess as members of groups engaged in the various sorts of Useful Work and must submit to be led by the blind and the incompetent, that is, by the intelligence which they have all in common, which is the intelligence of the weakest links in the chain, the least intelligent elements needed to form the most intelligent and stable majorities.

When our ancestors emerged from the rule of the hereditary office holders, and first developed in the interests of themselves and their posterity what we may denominate as a social "backbone," they established a government which was not unlike the nervous system of the first vertebrates,

very imperfect in its powers of coordination. For in place of the hereditary nobility they gave us the rule by the representatives of the district majorities,* so that the persons chosen as the organs of Public Opinion were not the representatives of the various groups engaged in Useful Work (who are really the containers of the intelligence of the community and the ones who ought to determine and enforce its policies) conscious of the natural and necessary relations of functional obedience and dependence upon each other which such work involves. The persons selected were merely those which represented the accident or chance which gives a majority to the policy approved by the least intelligent element needed to form the most intelligent and stable majority in a given district. By this method Public Opinion is arrived at by striking out all that body of knowledge and judgments which is not common to all, and that is taken to be the expression of Public Opinion which is merely the intelligence which is common to all. Since that intelligence which is common to all men is not much above that of the primitive savage, no two men, exercising this common intelligence, know the same identical things at the same time in the same manner and for the same purpose so as to form the same identical judgments about them at that time except with reference to a very limited number of simple matters. The purposes which impel men to Useful Work cause them to acquire a variety of different sorts of skill, knowledge and interests, and the knowledge and purpose which may be common to them all can only be that

* They were little better, if any, than the hereditary nobility. A nobleman *may* have as much sense as another man. He is usually educated to some extent, and he has a family tradition to help him. It took a thousand years of slow degeneration to reduce the French nobility to hopeless imbecility, while the French Assembly reached total imbecility in a few months under the control of the ward clubs of Paris!

knowledge and purpose which is *individually* peculiar to those who have no more than that amount by which they are exceeded or transcended by all the others. The peculiar knowledge and purpose, therefore, which dictates the policy of majorities is not really even that which is common to all, but is merely the intelligence of the least intelligent necessary to form the Consensus. Those whose knowledge and purpose is superior to that of those who are least disposed to go with them is not the same as the others, and is not strictly a common knowledge which all have alike, except in so far as the more intelligent actually agree with those to whose caprices they are obliged to conform. The knowledge and purpose which is common is very different from that skill, knowledge and interest which accords with that policy which establishes the individuals and groups of those engaged in Useful Work in the relation of functional obedience to each other. The policy which accomplishes this will better accord with the work and wish of the marginal voters than anything he could himself think of or understand before it had been embodied in a concrete system before him, and even then, enjoying the benefits, he could not understand why, and how, it was that the condition was beneficial to him. Thus all the individual microscopic cells of protoplasm in their totality make up the body of a living man, just as the individual living men make up the body of "Civilization." If they were to be disassociated and fall to the ground in a heap, and a "vote" could be taken among them to ascertain what they thought or wished, the policy that would result would be the Consensus of a multitude of microbes. It would not be the manifestation of any possible sort of "human" intelligence or purpose. The "*Functional Intelligence*" which GOVERNMENT makes possible is like the intelligence and purpose that is possible to the

cells when organized into a proper body. The purpose and intelligence of that body is not the purpose and intelligence of the cells any more than the purpose and intelligence of GOVERNMENT, INDUSTRY and SERVICE, which is the three-headed monster "Civilization," is the intelligence and purpose of the individual human units which compose the body of "Civilization." We are lifted above our individual powers by our class- and group-consciousness, and stabilized in and by it. Every man, skilled in any sort of a calling, is a particular storehouse of the wisdom and knowledge of humanity which it has taken generations to produce and to which his individual contributions, however great, are relatively small. Our individual judgments are vacillating, uncertain and variable; our class- or group-consciousness is stable and intelligent when we interrogate that group-consciousness which we share with others similarly trained to any sort of useful work. Outside of this special skill and knowledge we have only guesses, superstitions, prejudices and crude opinions, so that the Consensus which is arrived at by majority votes of all the people within a given city, county, legislative or congressional district, state or nation, expresses merely that policy which the intelligence of the least intelligent, wholly untrained and undisciplined element needed to form a majority, permits. The Consensus is like those primitive vertebrates which possessed a better developed brain at the posterior portion of their spinal column than they did at the other end. Our politicians and publicists, deeply concerned about questions of Public Policy, must scrutinize with greater concern and attention the developments of thought among *the least worthy portions of the population*, and the less important the work in which that portion of the population is engaged, so much more important to the politician are the opinions of the

voters who constitute the "tail" of the monster. As with our inefficient form of GOVERNMENT whose "brain" (a sort of a social "Pelvic" brain) consists of the assembly of the representatives of the marginal voters, so also we find that the similar primitive monsters (having an imperfectly developed *cerebellum*) were imperfect in their coordination. Thus the animal, not unlike our GOVERNMENT, would be awake in various degrees of sensibility and purposefulness on one side, and asleep in various degrees of insensibility on the other, never having the same purpose in all of its members, and existed in a chronic state of "unpreparedness". Hence (as the Persian Empire was conquered by Alexander and the world by Rome) it was easily destroyed by the smaller, but better coordinating animals, which had in their skulls a brain a trifle larger than the rudimentary brain, which we still retain as the "Pelvic Plexus," at the other extremity of their vertebral columns.

Public Policy, under the rule of the representatives of the district majorities, shapes the course of all instruction and the conventions which dominate society just as much as the rule of the most intelligent itself would do if in control. There necessarily comes a time when the decline in the average or common intelligence resulting from the specialization of training manifestly becomes such that the representatives of the marginal voters are incapable of being guided by the requirements which are made by the necessary Useful Work of the community and are wholly unable to interpret them. This manifests itself in two conspicuous ways: (1) by the incompetence and stupidity of the publicists; and (2) by the extravagant development of the Lobby. As to the first of these, it is evident that the public men of our time are in every way inferior to the public

men of the earlier generations when there was less specialization of training and the knowledge common to all was the old log cabin kind. In the days of the weekly newspapers the intelligence and public spirit of the citizens were greater and better than they are now in the time of the daily blanket sheets,—the more books and pamphlets and publications are multiplied the more rapidly declines the general level of intelligence. The daily newspaper makes its money out of its advertising. In any sort of work that is intelligent, instructive and interesting there is money for somebody, and the daily paper would not dare to spread information about these matters before its readers for fear of losing or offending some possible or actual advertiser. Hence it collects only garbage and gossips about trifles, for there is no necessity, arising from Public Policy, which compels these representatives of the least-intelligent-readers-needed-to-make-up-the-greatest-advertising-circulation to do anything else. The newspaper is, however, always a spokesman for the Public Policy of the period, and the gradually declining level of intelligence and character in these publications coincides with the declining level of intelligence and character in the representatives chosen from the congressional and senatorial districts, and the inferior type of statesmen generally produced for any purpose. This inferior intelligence and purpose also manifests itself in the instruction and caliber of the teachers in the schools and colleges and in the "scientific" publications, the formal treatises and magazines ostensibly devoted to the discussion of public questions. Public Policy controls all the broad roads and common highways of the Consensus of the age; on all its bridges an imbecile Public Policy stands on guard by its duly commissioned representatives. The reason our publicists, politicians, statesmen, scientists,

clergymen, and even artists, are in the main so utterly mediocre is that they are the fruits of the Ward Club, the exponents of that sort of Public Policy which exhibits to us, not the intelligence of the most intelligent, but that classification and type consistent with the purpose and the intelligence of the least intelligent and least worthy elements needed to form the most stable district majorities. The college professors put forth treatises of spurious Machiavelian science just as the local politician hands out local "bunk"; all of them are the fruit, leaves and branches from the same trunk, the Public Policy of the marginal intelligence. They were the spokesmen of the Public Policy of the Marginal Intelligence who in Europe nursed the European War into being, while in our own country the imagination cannot conceive the evils which their folly and incapacity may yet have in store for us.

But as the declining level of the general intelligence as manifested by the Consensus falls most rapidly with the increase in special education and training, we find that not only do the people become less intelligent, apparently, the more they are educated, but this lack of intelligence and responsibility becomes so marked that out of the feeble hands of these Merovingian rulers of the district majorities the representatives of the functional or class-conscious groups (the "Interests") have already snatched the scepter of GOVERNMENT, and have begun to establish a dynasty which will succeed the incapable representatives of the marginal intelligence. This is the "Lobby" which everywhere surrounds, enmeshes, encysts, checks, baffles, directs, corrupts and paralyzes the anti-social and obsolete governmental machinery, treating it constantly as the vital forces of a living body treat some foreign substance, a bullet for instance, embedded in the body which cannot be removed.

As the intelligence of the popular Consensus becomes less and less able to coordinate itself with the necessary Useful Work the power of the Lobby rises, so that the more highly specialized the intelligence of the citizens of the United States becomes by reason of acquired skill in their various professions and trades the lower, more irresponsible and worthless becomes the nature of that popular Consensus which is able to maintain itself by numerical majorities, and the more we are disgusted with it. Unless the rule by the representatives of the district majorities is abolished while yet the Consensus has intelligence enough to do it, nothing short of a revolution, conquest by a foreign nation or complete surrender to the Lobby will release us from this ignoble and absurd subjection.

5. The "Lobby" Is A Revelation From The Gods To Show Us How To Establish and Maintain An Ideal Government.—There is an interesting legend concerning Elias Howe, the inventor of the Sewing Machine, that he went to bed one night despairing of success in his undertaking because he could not make a machine which would sew *with the hole in the big end of the needle*. He slept, and the gods send him a dream. He thought he was captured by cannibals; they had tied him to a stake and were about to roast him, and as a preliminary torture they danced a wild war dance about him, shaking in his face their long spears. He awoke in a cold sweat and *remembered that the spears of the savages all had the holes at the small ends!* They were in fact sewing machine needles! Here then was the idea he sought, and the Sewing Machine came into existence. It is in very much the same way that the ideal form of GOVERNMENT has been revealed to us, although its first appearance is under a similar threatening guise. It is the "Lobby."

From the beginning of time politicians, courtiers and diplomats have always been liars; by lies, deceits and frauds they have maintained themselves and still do so. This is primarily due, no doubt, to an hereditary weakness common to all men; but the politicians, like Falstaff, have more "Adam" in them than anybody else. Machiavellian politics, whose maxim is "*Anything to win*," is the traditional policy of those who must accomplish immediate results. "*Put not your trust in princes*," said the Psalmist and Cardinal Wolsey, and all politicians are compelled to promise things they know they cannot accomplish,—their promises are as dependable as a party "platform." But there are some businesses which are of such importance that they cannot afford to depend upon these broken reeds; they therefore organize so as to be able to compel, coerce, seduce or bribe the tricksters who would otherwise deceive or defraud them. Thus there is brought to bear on the persons who constitute the legal fiction of GOVERNMENT the pressure of those of the representatives of the powerful class-conscious groups who are sufficiently concerned to be compelled to busy themselves about Public Policy. In this way the governmental fiction which the law has instituted is brought by necessity face to face with nature's reality,—certain of the representatives of the class-conscious groups, *some*, but not *all*, of the real Masters of Public Policy.

Leading from the rear of the medieval castle or earlier Viking House was a walk screened by leafy foliage which was called the "Lobby," from "laube," a leaf. This walk led to the common public vault or "privy," to which in the course of the day the courtiers attending the prince would have recourse. Hence it was about the approaches to the "Voiding Lobby" that the suitors waited with more or less patience for the politicians to appear to whom they pressed

their suits.* From this humble beginning the mighty "Lobby" has risen until now it is the Government in all but name,—that is, if not the "king" it is the "Mayor of the Palace" and will in time "shave" the head of the helpless monarch whom it serves and pack him off to a "monastery" as Hugh Capet did to the last of the Merovingians.

In our society it is always necessary to send an important "delegation" down to interview the legislators when any proposed popular legislation is impending; we all understand that the legislature would not dare on its own initiative to enact anything which had not been persistently demanded of it by the "Lobby." All sorts of volunteer organizations help things along with the governmental machinery, and the "Lobby" consists of all of these, but chiefly of the trained mercenaries employed by the powerful business interests. The minor interests come down and button-hole the representatives of the "deestriacts" once in a while, but they are not all the time on the watch, and thus the members of the legislature have many a chance to "slip over" some little deal, and to pick the pockets of some unimportant class of victims, in which the mercenaries on guard have no concern. The "Lobby" in fact is only composed of a few of the special interests, the ones that are the strongest and the richest, which, but for their presence, would afford the best "plucking" for the district representatives, and which also have some special "ax to grind"

* In Shakespeare's King Henry VI, Part II, Act IV, Scene 1, the Duke of Suffolk is captured by a former job-hunter turned revolutionist who in rage refuses ransom and beheads him without mercy. Suffolk pleads for his life, telling that he had once "endorsed" his captor's "application":

"How in our voiding lobby hast thou stood,
And duly waited for my coming forth?
This hand of mine hath writ in thy behalf,
And therefore shall it charm thy riotous tongue."

there. As the members of the legislature and the officials of government generally represent merely the intelligence and worth of the least worthy elements needed to make up the district majorities they are wholly unable to decide of themselves what is, or what is not, Public Policy. If they do anything which is against the judgment of certain powerful special interests which have access to the organs of Public Opinion, a storm of abuse and denunciation breaks forth upon them, and thus they are made to understand that they are not really the exponents and organs of Public Policy, but constitute an obsolete legal fiction only. The public official cannot be instructed by his party, or by the arguments and policies advocated in the campaign which elects him in anything of importance, since the intelligence and moral worth of the marginal intelligence is such that it is well known that promises are not to be kept; that they are so indefinitely worded that they mean nothing, and it is impossible to interrogate the whole people in any matter beyond the intelligence of the marginal voters. Hence the popular oracle can never give a satisfactory answer to such unskillful questioning, for it must be remembered that in consulting an oracle, the utility and directness of the response is wholly due to the form of interrogation, and the nature of the medium through which the response is elicited. When we interrogate the wisdom of humanity through the feeble intelligence of the marginal voters we will dip up out of the sum of wisdom available by more intelligent methods just as much as our little tin cup will carry and no more. We should not quarrel with the district representatives because they are *officially* dunces, for as individuals they may be of more than "average" intelligence, just as noblemen may be, and sometimes are. Some of the men now active in public life, whose public achievements do not

distinguish them from the others, are nevertheless men of the very highest ability, and could, if they were properly commissioned and better understood the nature of Public Policy, surpass any of the famous names of history. But they live in an age when by reason of the increase of specialized intelligence and training, the marginal intelligence is lower than it was in the heroic days when great issues made great men. Accident may put into public life or public office able men. But such is not usually the case. Most of them are cunning, or conceited, or stupid, or shallow and well-meaning and irresponsible persons. With all their affability and pushing energy which leads them forward to seats at the head of the table, they ordinarily know nothing whatever about the primary business which they are supposed to attend to. It is impossible to argue rationally with the most of them and to hope that mere persuasion and common sense, not backed up with some show of force, would move them or could instruct them. The time is short; action must be obtained. Hence they are necessarily bribed, or in some way diverted or corrupted from what otherwise would have been their course. Some one once accused Horace Walpole of bribery and corruption, and he answered: "*The British Government is founded on corruption!*" a statement that is true of all governments now or hitherto existing at all times and at all places! It is never possible to get any useful, constructive measure, one that accords with a wise Public Policy, through the narrow, contracted, opinionated, prejudiced, ignorant and often dishonest minds of the representatives of the district majorities, unless in times of great danger, except by force or corruption or by interminable, expensive and wearisome agitation. By reason of their inability to take the initiative and their inability to respond, these representatives mani-

fest themselves to be fully as much a mere legal fiction as the hereditary nobility, and history shows them to be far more incapable. A general appreciation of this has been shown by the widespread agitation for the *Initiative, Referendum, Imperative Mandate* and the *Recall*, and these hopeless admissions of the perpetual incapacity of our district representatives and public officials are presented as reforms in GOVERNMENT! But they are negative checks only on dishonesty and incapacity, and the only relief proposed is *another* appeal from these district representatives to the diminishing and dwindling intelligence that is common to all. What we want is, not schemes to trap or restrain a weak, inefficient and corrupt government, but a method by which we can secure a strong, efficient, honest, wise and liberty-loving organization of the representative exponents of Public Policy which can understand and interpret the work of SERVICE and INDUSTRY and be a real GOVERNMENT according to the purpose and judgment of the most intelligent.

The "Commission" as a form of government is an abandonment of the representative principle and in substance is a reversion to an elective oligarchy, little different from an elective monarchy except in the number of persons vested with authority. It is not a *republican* form of government, because not representative, and is in spirit at least contrary to the Constitution, written and unwritten, of the United States. But the popularity of this idea is another evidence of the restless searching of Public Policy for some effective instrument other than the legal fiction of our obsolete *district* system of representation.

In other words, we must perfect the Lobby and make it the Government! The representatives of ALL INTERESTS, when they are assembled, will watch over each other

and force through measures necessary to the elaboration of Public Policy. It will not be necessary to watch *them*, or to muzzle or suspect *them*. For each interest will be selfishly watchful and eager to do what it can in its own behalf, and the members of the several groups represented will be moved by a common, equal and like intelligence and purpose to hold their representatives to their task. The selfish interests of all the groups are the only social powers able to select representatives who will always be both intelligent and patriotic; we only need to have **ALL OF THEM** there, not a few of them only. They will know exactly in what relation they stand to each other, for their interests will be to maintain the functional relations of the groups engaged in **USEFUL WORK**, something the present representatives could not understand if they tried.

6. Upon The Abolition Of All District Lines Proportional Representation Will Break Up The Electorate Into The Class-Conscious Groups Whose Representatives Constitute A Lobby Of All Interests.—Proportional Representation is merely a tool or instrument which consists of a method of choosing representatives *without any restraint on the expression of the group-consciousness*. The group-consciousness already exists; but, because it has been unable to express itself as a factor in the open determination of Public Policy, the various groups which possess a class-consciousness are not defined; the individuals do not know their groups and the groups, therefore, are not aware of their own powers and have no well developed policies. The inability of the groups to function politically as such is due to the fact that they cannot elect within the district,—they are walled out from each other. If they could elect they would be heard from. I am aware that I have certain opinions, and I occasionally meet with a man who agrees with

me; but just how many there are who think that way, and where they are to be found, I do not know. Again the opinions that I form are shaped in the dark; if I knew more about the actual opinions of others mine would be modified. In political life I am represented by a dummy; for all practical purposes he might as well be a wooden Indian or an automaton, or a lamp-post marking the intersection of the geographical lines which constitute the "destrict." For the district representative does not represent men literally, but an area, a defined space on the map bounded by certain imaginary lines. These lines or territorial boundaries which define a legal district do not define, and have nothing whatever in common with, the divisions of purposive groups in thought and opinion which in their totality constitute that Public Opinion the Governmental Official is supposed to represent. The different purposes and objects which characterize the groups are the lines of division which separate them from each other, not the lines on the map or mere spacial distance. In remote times, before printing, railroads and telegraphs, and before the Post Office existed, far separated people could be supposed to have little in common and people living in the same neighborhood could have been supposed to have common local opinions. But this state belongs to the primitive medieval arrangement of things, before the instrumentalities existed which now standardize and specialize the opinions and purposes of far-separated individuals to the class-knowledge, judgment and purpose of a group having a common specialized training and experience. The man who represents me is the man, wherever he may be, who thinks the same as I do because, having the same or better knowledge than I have, he wants the same thing done that I do. These individuals may be so scattered about that a suffi-

cient number of them could never be collected in one district to form a conscious purposive group which could effect results politically, and therefore they never find each other.

The object of Proportional Representation is to permit the group-consciousness to form and express itself by detaching itself from the miscellaneous individual opinions with which it is entangled. As the individuals who will form the groups are scattered about in all directions from each other, no district system can contain them, and the arbitrary lines of the districts cut the groups to pieces and disfranchise all their members as such, by depriving them of the power to express their group-consciousness. Hence the fatuous "Minority System" of representation in the legislative districts provided by the State Constitution, which was the outcome of an agitation for Proportional Representation prior to the convention of 1870, does not permit the group-consciousness to express itself at all, and merely aggravates the evils of the district system. For it permits corrupt interests to maintain in public life persons whom even the least intelligent element of the district on a majority vote would have rejected, but does not permit the free operation of groups having equal intensity of interest to oppose them. The reason that district-minority representation is a mere haven for "crooks" is that any man may be a "crook," but to form a group-consciousness requires a larger number of persons than the more worthy groups could produce in a given district except occasionally on local issues.

The reason the great political parties tend to become meaningless political fossils, until some great social convulsion necessarily puts in temporary control the representatives of the purpose and thought of the functionally controlling groups, is that with the increase in specializa-

tion of knowledge and skill the stock of knowledge and the purpose common to all diminishes, and thus the great party, originally instinct with the life and purpose of a noble and useful group is gradually drained of its vitality, *i.e.*, the purpose and group-consciousness that generated it. The capricious purpose and diminishing intelligence of the marginal voters, left to themselves and deprived of the elevating influence of the foreign group-will and consciousness which temporarily lifts it above itself and gives to it a white heat of intensity beyond its powers to maintain, is not able to conserve a Public Policy consistent with the original purpose and character which created the party in its heroic age. "In the dull, piping times of peace," the great groups in which are contained the wisdom and heroism of the race are submerged or are imprisoned by the legal fiction and cannot be heard. But in times of great peril, or in times of social convulsion (if the capacity for engaging in Useful Work exists), they can make themselves felt. Then the nation rises, as Milton has said, with a certain air of puissant majesty, and arrays itself in the consciousness of a supreme controlling function, as an army in uniform. This is the patriotism which is real and which can not be simulated by the hypocrite and the time-server because it is a solidarity of purpose and consciousness which is above the normal consciousness expressing itself through the marginal voters, and therefore the poet said:

" 'Twere worth ten years of peaceful life,
One glance at their array."

The heroic organization of society can be made its perpetual organization, and by it humanity will put on its giant strength, for we, as the Eddas tell us, "are of the race of the giants." Those withered and disembowelled

"dwarfs," who are killed by direct exposure to the rays of the sun, will no longer manipulate our political machinery or plot to keep us in their sordid uniform of rags. By the magic of district divisions we are chained and bound, as the Wolf in the Norse Mythology was fastened by that mighty chain which no one could see, and by that chain held fast in the gloom of darkest Niflhel. But by breaking this chain we will escape to the light which is the purpose and intelligence of the spontaneously forming groups of the higher and controlling functions of Useful Work, and this light has the magic power to kill off the dwarfs as a species and substitute in place of them heroes, statesmen and Masters of Public Policy.

A "hero" is merely a "big man." Every man has certain desires and opinions concerning Public Policy, even if he is not disposed to say or to do much to bring it about. But there are others in whom these desires are so intense and so persistent that they will never cease in their efforts. These are the "heroes" and the "liege lords" of the others. The man who can command my enthusiastic obedience is the man who lies awake nights, when I am asleep or thoughtless, planning to do for me what I am unable or too careless to do and which is the very thing that I know that I want done. He is my lord and master, because he is an heroic projection of myself. Among the heathen it is not so, for they who have dominion lord it over them by restricting their liberty, taking away their property, and by making them do what they do not want to do. But the true nobility, the real lords and masters of men, are those who administer the functions which *serve* and thereby maintain the functional control in all Useful Work. When our remote ancestors came out of the woods and fought their way into the possession of strange lands in Europe, they

presumably had over them competent leaders. They divided up the conquered territory, and the subordinate official, charged with keeping the peace in the territory assigned to him because a "Life-Tenant," a term we still retain as a military title, "lieutenant." After a while, when there was less need for fighting men to hold the offices, those who held the offices made them hereditary and excluded all competition for public office by establishing a "legal" or fictitious nobility and a fictitious commons. But the legal nobility, whether they are the holders of the hereditary titles or are the representatives of the intelligence common to all, are not genuine. We want lords over us who are heroes, and every group knows who its heroes are. Generous Nature will produce them and exhibit to us in an unending series, the "Big Brothers," who are always doing the real work of the world and carrying all of its serious responsibilities. Peace has its heroes, greater than the hardy men who serve in times of danger. They are always with us, and our Public Policy knows them not. Around them the battles of the common life rage, and amidst the combatants there is many an Ajax in the field upon whose mighty shield the blows of circumstance fall harmless. But if we elect Ajax to office we blind him with the marginal fog; he is compelled to fight our battles in the dark, and in the dark we trail after him, helpless and inefficient. It is ignoble to be compelled to skirmish in this manner; a hard fortune which, not the gods, but our own folly has sent upon *us*. The Marginal Intelligence populates this darkness with unwholesome things, vast ill-defined monstrosities and vampires, Nightmares of Ignorance and Chimeras of Fear. We shall banish them as soon as we cease to be led by the blind, or cease to let the fools do our thinking for us.

7. An Illustration Of A Method Of Operation Of Proportional Representation.—Advocates of Proportional Representation have generally failed to grasp and present to their hearers the nature of the plan. They waste their time in explaining and developing mere arithmetical niceties. They have generally failed to perceive its essential utility. The real value of Proportional Representation lies in the fact that it is the only means of establishing the heroic organization of Government and that it is the only possible means of escaping from the rule of the marginal intelligence. By it Public Policy rides in a chariot modeled after that of the Ancient of Days in Ezechiel and Milton, whose parts are living creatures with eyes and voices "as the sound of many waters,"—"wheels within wheels indrawn." It is the romantic and essentially aristocratic form of government. It is the means, in fact, by which we make the political machine truly representative of the vast and many-voiced democracy, rational, powerful and master of itself. Many spurious forms of so-called "Proportional Representation" have been presented. Thus our "Minority Representation" is one; others are the elaborate plans for securing second- and third choice expressions of selection. We care little for the individual opinion; we value it only as an expression of the group opinion and judgment. While there may be many ways by which the group judgment may be free to act, I will present as illustrating the principle, two methods, based on the Hare and List Systems, one to be used at a primary, and the other at the general election for the office of alderman of the city of Chicago. These methods would apply just the same to the choice of members of the Common Council, of the County Board, of the General Assembly, and to the selection of Representatives and Senators in Congress. We may suppose, however, that

if the electorate of Chicago were ever intelligent enough to adopt Proportional Representation that the machinery of the County and City governments would be consolidated, and that all the authority of the law would be vested in the representatives of the groups, as is done in Switzerland, without any executive head other than that of their own choosing. The political parties which I will assume to be operating will necessarily, for our first election, be the parties which now represent "the Peepul" of the legal fiction—the various shades and developments of Public Opinion as expressed by the intelligence of the least intelligent elements needed to make the most intelligent majority,—i.e., the Democrats, Republicans, Progressives, Socialists and Prohibitionists. Although these parties now mean very little, yet the *Party System* is the only way in which the group consciousness can find expression, and whatever defects our present parties may have are to be attributed wholly to the district system of representation. The parties are as efficient as they are permitted to be, and they represent and faithfully carry out that feeble modicum of sense which is common to all,—a residuum which is daily growing both actually and relatively less as the intelligence of the specialized groups becomes greater. Consequently we will provide no means by which a single individual can become a candidate for membership in the Board of Control of this city except as the candidate of a party which has nominated a full ticket.

I. Proportional Representation at the Primaries.

1. Ward lines have been abolished, and the time approaches when the individuals of the different parties who seek the nomination of their parties and who aspire to be exponents of Public Opinion and the guardians of Public

Policy as the nominees of the essential groups of their parties announce their candidacies and prepare for the primaries. Each party is to nominate, we will say, 35 candidates for the office of Alderman who are to be elected from the whole city at large on the proportional basis. Party policy will control the local distribution of these candidates, but so far as the restriction upon residence is concerned it would only be necessary that they live in the city,—otherwise they could all live in the same building.

2. As many as choose announce their candidacies and prepare their petitions which may be required to contain a number of signatures equal to a certain percentage of the vote of the party at the last preceding election. These petitions are to be filed within a certain period, and the names of the candidates are to be printed in alphabetical order on the party ballot without reference to priority of filing.

3. At the primary election each voter may vote once for 35 candidates, or 35 times for one, or seven times for five, or five times for seven, or split his 35 votes up in any way that he pleases. The 35 who receive the highest number of votes in this way from the voters of their party are nominated.

By this method the candidates who represent the marginal intelligence, because they are the most numerous candidates, will be found to have received proportionately the least number of votes. This type of candidate is to be found in abundance in all parts of the city and they have hitherto, with rare exceptions, furnished all our nominees. But the candidates of the specialized groups will be less numerous; they will receive the whole of the group vote, and they will constitute more than half of the nominees of each of the parties which have hitherto wielded the power of GOVERNMENT. In this way, also, we will be able to "lose" at the start that burdensome load of ambitious mediocrities in whose political successes Public Policy has no interest. We will also at the same time "lose" the disproportionate representation of special classes in the governing body.

4. Any group presenting a petition containing one thirty-

fifth of the voters at the last preceding election as signers thereto may form a party which must nominate a full ticket which, if it casts a required number of votes, may be a party able to participate in the primaries thereafter. But the effect of the system will be to discourage the formation of new parties because the more the number of parties is increased the greater is the loss through unfilled QUOTAS. At the same time party tickets may be made up by petition after the primaries by those who participated both as candidates and as voters at the primaries.

Thus there will be the utmost freedom given to the group consciousness to express itself. But the system will discourage in every way the formation of the vicious and irresponsible little parties by shelving a great part of their votes in the unfilled QUOTAS at the election proper, and also by absorbing all their elements of strength by factional representation within the great parties through the party QUOTAS. The group consciousness, being thus free to express itself, will exclude from all control the representatives of the marginal intelligence; the caudal appendage of GOVERNMENT will diminish in importance as the latter becomes more erect and intelligent until it becomes a useful but invisible "*coccyx*."

II. *Proportional Representation at the Election.*

1. We will suppose that at the ensuing election the voters are equally distributed among the polling places in the parties to which they severally belong, so that they are not "bunched" anywhere, and that the year is one of the greatest possible disaster to the Republicans. The vote of all parties will be assumed to be as follows:

Democrats	183,528
Republicans	71,495
Progressives	65,784
Socialists	19,407
Prohibitionists	9,786
Total	350,000

Under these circumstances the Democrats would elect their whole ticket and 166,472 votes would have been cast in vain for the candidates of the Republican, Progressive, Socialist and Prohibition parties. It would have cost the Democrats just 5,243 votes each to elect their thirty-five aldermen and the chariot of the imbecile "Lord of the World," the marginal Juggernaut, would have rolled triumphantly over the prostrate hosts of the Republicans, Progressives, Socialists and Prohibitionists. An aldermanic "ring" would immediately be formed among the victorious candidates, two-thirds of whom would represent 122,352 votes, and this minority, if the votes were equally distributed locally among the parties, would rule.

III. *The "Gerrymander."*

If the voters were bunched in certain wards, as they always are, it might easily be that by a "Gerrymander," and in a year when their vote was less than half of the opposition, the Democrats could have elected 20 or more of their candidates. This has been done time and time again since the days when the former Vice-President of the United States invented it where the showing after election has been something like the following:

Wards	Dem. Vote	Opposition Vote	Dem. Elect.
1	3,000	2,000	1
2	1,000	11,200	0
3	3,000	1,800	1
4	1,000	6,000	0
5	1,000	7,000	0
6	3,000	2,000	1
7	1,000	8,000	0
8	9,000	7,000	1
9	1,000	10,000	0
10	3,000	2,000	1
11	1,000	20,000	0
12	3,000	2,000	1
13	3,500	3,000	1

Wards	Dem. Vote	Opposition Vote	Dem. Elect.
14	1,000	12,000	0
15	3,500	3,000	1
16	3,500	3,000	1
17	3,500	3,000	1
18	1,000	19,000	0
19	3,500	3,000	1
20	3,500	3,000	1
21	1,500	16,000	0
22	3,500	3,000	1
23	3,500	3,000	1
24	1,500	14,000	0
25	3,500	3,000	1
26	1,000	15,000	0
27	1,000	10,000	0
28	3,500	3,000	1
29	3,500	3,000	1
30	3,500	3,000	1
31	1,000	18,000	0
32	3,500	3,000	1
33	3,500	3,000	1
34	1,500	15,000	0
35	1,500	20,000	0
Total	100,000	250,000	20

Thus the Democrats, although casting but two-sevenths of the total vote could, if they penned the opposition up in a first-class "Gerrymander," elect 20 out of the 35 aldermen, and the aldermen would not cost them more than 2,857 votes each, while the opposition would have to cast 16,666 votes for each of their candidates elected, *and it would be absolutely impossible for the opposition, no matter how united their forces were, to prevent the Democrats from getting a majority of the aldermen.*

2. But, under Proportional Representation, in the year of the Democratic "Landslide," when, as given (II) in the first column of figures above, the Democrats cast 183,528

es and could, if each party's quota of voters was evenly tributed throughout the wards, have elected all their iddates, the result would have been determined in the lowing manner:

At the election the ballot will contain the names of the ninees of each of the parties arranged as they are on our stralian ballot. The large circle will appear in front of party designation and the little square in front of the nes of the candidates. The voter is required to vote one the party tickets "straight;" he makes a cross in the ge circle and is permitted to mark with his cross one of little squares, thereby designating a "preference." This called the "List System," and is the best of the schemes Proportional Representation devised. If the voter fails mark a preference, or marks more than one, or marks re than one large circle, the ballot will be rejected.

The voters having cast their ballots, it is found that the al vote is 350,000, which, divided by 35, the number to be sted, gives 10,000 as the QUOTA, the number of votes to cast by a party to elect an alderman. Dividing the al party votes by THE QUOTA, we get the following ults:

nocrats	.....	18	QUOTAS	filled,	plus	Fractional	Q. 3,528
ublicans	.....	7	QUOTAS	filled,	plus	Fractional	Q. 1,495
gressives	.....	6	QUOTAS	filled,	plus	Fractional	Q. 5,784
ialists	.....	1	QUOTA	filled,	plus	Fractional	Q. 9,407
hibitionists	...	0	QUOTA	filled,	plus	Fractional	Q. 9,786

s gives 32 FULL QUOTAS, and there are 35 in the full torate. Hence we take the three highest unfilled quotas l give to the parties casting them each one more alder- a. Then there would have been elected:

Democrats	.....	18
Republicans	.....	7
Progressives	.....	7
Socialists	.....	2
Prohibitionists	.....	1
Total	.....	35

Here then, in what would now be a "Landslide," the Democrats would only have a majority of *one*. The 320,000 votes constituting the 32 Full Quotas of the Democrats, Republicans, Progressives and Socialists would have elected 32 aldermen,—*not one of these votes being thrown away*. Of the 30,000 distributed among the Unfilled Quotas of the parties, the 24,977 of the Progressives, Socialists and Prohibitionists would have elected 3 aldermen, leaving but 5,023 votes which did not elect, or help to elect, an additional alderman for their party. But they still would not be entirely thrown away, but would count in determining which of the candidates of their parties received the most preferences.

3. For after the party votes have been counted and the number of aldermen to be allotted to each party determined, the next step is to determine which of the candidates of the several parties are elected. This is determined by adding up the preferences, and the candidates who receive the highest number of preferences are chosen to fill their party's quotas. In this selection the votes of the fractional quotas count as much as the others.

4. This system put in operation results in a thorough and scientific interrogation of the group-consciousness. As each of the parties will lose a large number of their candidates the result will be to trade off the inferior or "marginal" types for the better ones, and no Democrat will have to bolt his ticket to express his convictions; there will always be at least one candidate satisfactory to him on the list of his party; if not, it will be time for him to join another party.

5. Not only for the City is this the best plan of operation, but it will work just as well for the State and the Nation. The system will first be tried by cities and municipalities and then by states, and out of the results attained by the institution of this system by the states will come that eventful modification of the ancient machinery of the Constitution which will make the useful invention of the Revolutionary heroes look like a sickle alongside of a self-binder, or the clumsy cart of the Merovingian kings alongside of an automobile.

6. The persons selected as the representatives of the Group-Interests will eventually be the only officers elected at general elections. The days of the "Blanket Ballot" will have passed forever. The officers elected will be "princes," leaders of the constituent elements of the active working force of the population as they are concerned about the Useful Work of Civilization. They will wield through GOVERNMENT the rightful authority of FUNCTIONAL CONTROL which is the only security of Liberty and of Power. They will appoint all the other officers of GOVERNMENT, from the judges of the courts down, and have the power to both appoint and remove all governmental employees at will. By this means we will "put all our eggs in one basket," and we will have the means of watching over that basket effectually.

IV. *The Aldermanic Election in Chicago of April 6, 1915.*

At this election the votes were cast as follows:

Wards	Dem.	Rep.	Soc.	Prog.	Pro.	Ind.
1	8,594	3,910	574	73	0	0
2	6,893	10,599	433	3,697	0	0
3	9,457	12,844	394	0	0	0
	7,363	14,193	458	0	0	0
4	7,596	4,111	218	0	0	0
5	8,154	6,151	268	0	0	0
6	6,012	18,503	477	0	0	0
7	9,399	18,135	526	0	0	0
8	6,197	9,576	556	0	0	0
9	4,945	10,832	1,267	0	0	0
10	4,929	3,016	597	193	0	0
11	6,602	3,693	348	0	0	0
12	8,549	5,193	798	0	0	0
13	12,394	12,943	560	0	0	0
14	6,963	10,574	554	0	0	0
15	6,577	7,751	3,405	62	0	0
	5,691	6,147	6,265	0	0	0
16	6,961	2,635	258	0	0	0
17	3,339	3,593	169	0	0	0

Wards	Dem.	Rep.	Soc.	Prog.	Pro.	Ind.
18	9,120	9,432	752	71	0	0
19	5,330	2,722	308	0	0	0
20	3,215	3,282	0	24	0	0
21	9,797	6,814	551	0	0	0
22	4,575	4,412	1,184	0	45	0
23	6,400	14,311	816	121	0	0
24	6,263	8,327	792	0	0	0
25	7,049	23,806	788	0	0	0
	7,085	22,538	700	932	0	0
26	8,151	16,463	906	0	163	0
27	5,587	8,470	12,853	0	0	0
28	5,556	11,270	1,025	0	0	0
29	7,446	9,351	1,001	0	0	0
30	8,303	5,955	269	0	0	0
31	7,792	14,508	803	0	0	0
32	8,633	23,028	751	48	0	9,573
33	5,841	11,063	1,396	0	0	0
34	9,869	12,055	1,242	0	140	0
35	13,308	13,389	1,266	0	0	0
Total ...	269,531	385,598	45,528	5,221	348	9,573
	Dem. 11	Rep. 25	Soc. 2	Prog. 0	Pro. 0	Ind. 0

Including the Independent vote or 9,573, the total vote of all parties was 715,799. At this election there were 38 aldermen to be elected; three to fill vacancies. Dividing the total vote of 715,799 by 38 we get 18,836.81 as the QUOTA. Dividing the party votes by this QUOTA we find that the parties cast the following full and fractional QUOTAS:

Democrats	14	plus 5,815 fractional quota
Republicans	20	plus 8,861 fractional quota
Socialists	2	plus 7,854 fractional quota
Progressives	0	plus 5,221 fractional quota
Prohibitionists	0	plus 348 fractional quota
Independent	0	plus 9,573 fractional quota

Total..... 36 plus two quotas in fractions

This would have elected:

Democrats	14
Republicans	21
Socialists	2
Progressives	0
Prohibitionists	0
Independent	1

If we throw out the Independent vote of 9,573, the total vote is 706,226, which gives for the 38 candidates a QUOTA of 18,584.89. This would give the following filled and fractional quotas:

	Full	Fractional Quotas
Democrats	14 plus 9,342, giving	15 elected
Republicans	20 plus 13,900, giving	21 elected
Socialists	2 plus 8,358, giving	2 elected
Progressives	0 plus 5,221, giving	0 elected
Prohibition	0 plus 348, giving	0 elected

That is, there would have been 36 full quotas filled by the parties, and two unfilled, the votes of which are scattered in such a way that the 23,242 cast by the Democrats and Republicans elects one each, and the 13,927 cast by the Socialists, Progressives and Prohibitionists does not elect anybody, but the Socialist fraction would have had a voice in the preferential vote of their candidates in determining which of their 38 candidates (for they would then have had 38) would have been elected. If it were desired, parties having certain important beliefs and purposes in common, like the Republicans and Progressives, or the Democrats and Socialists, could direct at their party conventions that their unfilled fractional quotas, too small to elect, could be added to the fraction of the party to which they were allied or most closely related when the unfilled fractional quota of that party was too small to elect. This would not greatly change the result.

8. Some Practical Lessons And Observations Concerning Proportional And District Representation.—Elbridge Gerry was a politician of early days (1744-1814) from

Massachusetts who died while Vice-President of the United States. In his term as Governor of Massachusetts (1810-1812) the state was redistricted in such a way by his party and by his supposed connivance as to give a majority of the Congressmen and State representatives in the electoral districts to his party, then a minority, no matter how the vote would be cast. In order to accomplish this the electoral district had to be stretched out of all pretense to symmetry of figure so that from the fancied resemblance to the form of a "salamander" seen in the arrangement of the districts, the political trick was called a "Gerrymander." The "Gerrymander" is operating in every State of the Union in some form or other and by it the rule of the least intelligent element necessary to make a majority is fastened upon the voters in the districts in its most obnoxious form. The General Assembly of Illinois now (1916) consists of 51 senators and 153 representatives elected from 51 senatorial districts in which the total vote cast in 1914 for United States Senator was 1,015,808, distributed according to the Daily News Almanac as follows:

Democrat	373,403
Progressive	203,027
Republican	390,661
Socialist	39,889
Prohibition	6,750
Social Labor	2,078

Dividing this total by 153, the number of representatives to be elected, we get the figure 6652.341 as the QUOTA, or the number of votes entitling a party to a representative in the lower house of the General Assembly. Dividing the senatorial vote by this, for the purpose of approximating the party representation, the respective parties would have been entitled to the following representation:

Democrats	57
Progressives	30
Republicans	59
Socialists	6
Prohibitionists	1
Social Laborites	0

As a matter of fact the representation in the lower house elected at this election from the districts was as follows:

Democrats	71
Progressives	2
Republicans	78
Socialists	2
Prohibitionists	0
Social Laborites	0

The Democrats and the Republicans both had a larger representation than they were entitled to. Most, that is, 28, of their 33 total extra representatives were stolen from the Progressives, but the Socialists yielded up 4 and the Prohibitionists gave them one. When these districts were laid out the Progressive Party was not in existence, and hence they were not laid out for the purpose of stealing these votes which came all from the Republican Party. But the illustration shows how the district system strangles the free expression of popular opinion and actually caused 186,256 (28 times 6,652) Progressives to cast their votes in vain. If we were to take the Illinois Presidential vote of 1912 as the means of determining how many congressmen should have been elected we have party votes as follows:

Republican	253,593
Progressive	386,478
Democrat	405,048
Prohibition	15,710
Socialist	81,278
Social Labor	4,066
Total	1,146,173

Dividing the total vote by 27, the number of congressmen to be elected, we get 42,450 as the QUOTA. This would apportion to the several parties the following:

Republican Congressmen.....	6
Progressive Congressmen.....	9
Democratic	10
Prohibition	0
Socialist	2
Social Labor	0

What we actually got was:

Republican Congressman elected 1912..	5, or 1 for each	50,718 votes
Progressive Congressmen elected 1912..	2, or 1 for each	193,214 votes
Democratic Congressmen elected 1912..	20, or 1 for each	20,252 votes
Prohibition Congressmen elected 1912..	0, or 0 for	15,710 votes
Socialist Congressmen elected 1912..	0, or 0 for	81,278 votes
Soc. Labor Congressmen elected 1912..	0, or 0 for	4,066 votes

Then the Democrats stole one congressman from the Republicans, seven from the Progressives and two from the Socialists, so that ten congressmen altogether were stolen and 424,500 (42,450 times 10) voters cast their votes in vain. In that year, disastrous to the Republican family, whether Progressive or Republican, there nevertheless were cast enough votes in favor of the Protective Tariff out of and by the two Republican factions to have elected 15 congressmen out of the 27 if the voting system had been proportional and the issue between Taft and Roosevelt could have been fought out without serious loss to the standing of the party in Congress. This is shown by the popular vote for presidential electors cast in 1912 as follows:

Republicans	3,481,632
Progressives	4,120,101
Democrats	6,292,499
Socialists	898,481
Prohibitionists	205,440
Social Labor	25,431
Total	<u>15,023,584</u>

Dividing this total by the number of presidential electors to be elected, or 531, we get the electoral or presidential QUOTA of 28,293, or the number of votes necessary for a party to elect a presidential elector. Again dividing the same total by 435, the number of members of the House of Representatives, or "Congressmen" to be elected, we get 34,536.95 as the Congressional QUOTA. Dividing the respective votes of the parties by the two quotas we get the following results, which would have elected a Republican-Progressive or a Progressive-Republican:

Presidential Electors			
Republicans	123 + 1,593		123
Progressives	145 + 18,516 equals third highest fraction, or		146
Democrats	222 + 11,453		222
Socialists	31 + 21,398 equals next highest fraction, or		32
Prohibitionists ...	7 + 9,389		7
Social Labor	0 + 25,431 equals highest fraction, or....		1
Total full.....	528	plus three fractional quotas, or	531

As a matter of fact there were chosen the following electors:

Wilson, Democrat.....	435 at a cost of	14,467 votes each
Roosevelt, Prog.....	88 at a cost of	46,807 votes each
Taft, Rep.....	8 at a cost of	435,404 votes each
Debs, Soc.....	0 at a loss of	898,481 votes cast in vain
Chafin, Pro.....	0 at a loss of	205,440 votes cast in vain
Reimer, Soc. Lab.....	0 at a loss of	25,431 votes cast in vain

If the Proportional System had been in operation the Republican factions would have elected a majority of the presidential electors, or 269. Under the Federal Constitution, Proportional Representation would have to be computed from the votes of states, and not by that of the entire United States. I have not, however, taken the time to compute what the result in this manner would have been.

Dividing the party votes by the congressional QUOTA, we find that the Proportional System would have apportioned the federal representatives as follows:

Republicans	100	Full Quotas plus 27,937	electing 101
Progressives	119	Full Quotas plus 11,183	electing 119
Democrats	182	Full Quotas plus 16,760	electing 182
Socialists	26	Full Quotas plus 520	electing 26
Prohibitionists	5	Full Quotas plus 32,755	electing 6
Social Labor	0	Full Quotas plus 25,431	electing 1
Total Full.....	432	plus three fractions	electing 435

There were, in fact, elected at the election of 1912 435 congressmen distributed as follows:

Republicans	127,	costing them	27,414½	votes apiece
Progressives	7,	costing them	588,585	votes apiece
Democrats	290,	costing them	21,698	votes apiece
Socialists	1,	costing them	898,481	votes
Prohibitionists	10,	costing them	20,544	votes apiece
Social Labor.....	0,	and they cast	25,431	votes in vain

The "cost" of the congressmen to the parties is estimated in the terms of the presidential vote for the electors. Under the Proportional System the congressmen would have to be elected from the several states at large and not by the total vote of the United States,—at least it would require an amendment to the federal constitution to abolish the state lines. For Congress could now provide by statute that the members of the House of Representatives should be elected at large from the states upon the Proportional System and that hereafter congressional districts should be abolished.

9. Under Proportional Representation The Politician Would Have A Secure And Stable Professional Standing And Revolutions Would Be Impossible.—By "revolutions" I do not mean "Mexican Revolutions," but the

political revolutions which occur with us when, by a margin of a few thousand votes, a clean sweep is made of all the offices,—an abuse that has fastened upon us, as the only other alternative, the absurdity of “Civil Service.” The men who work for the establishment of Public Policy should and must enforce it: *“To the victors belong the spoils,”* not only because the laborer is worthy of his hire, but more particularly because for each of the groups important enough to be represented in the Board of Control of the City, State or Nation, it is necessary that there should be an efficient and well-oiled machine looking out for the interests of the group as they are related to the other groups, and who will see to it that the titular leader of the group representing them in the Board of Control attends to his business. The public patronage would be divided among the members of the Board of Control, and the circumstances that would vary the representation of a party in this board would not greatly disturb the apportionment of the patronage. Every large group is made up of many smaller ones, and the holders of the minor offices should be their representatives who may in time be promoted. Political activity is a professional activity, and those who are assigned to this work should have the opportunity to live by their work with the same assurance of stability as persons following any other form of Useful Work.

10. Proportional Representation Will Give To All A Definite And Rational Interest In Public Policy And Is The First Great And Necessary Social Improvement Without Which No Important Advance In Public Policy Is Possible.—At the present time all that special knowledge and special zeal which is not common to all, that knowledge and purpose which is the result of a special training and experience, is disfranchised. What does it profit me to

vote if I must vote constantly for a type of men who are ignorant of and contemptuous towards the things that I value the most? If I am a "Democrat," to what extent are my ideas advanced by the election of titular "Democrats" to office? If I am a "Republican" what does it profit me if my party gains the whole ticket and I fail to elect a man of the type for the purpose of which I voted that party ticket? Accident will sometimes place a man of the convictions and purposes characteristic of the masters of industry and of the controlling functions of Useful Work, but accident will not keep him there; only the Consensus of the marginal voters can do that. In order to maintain that Consensus at a temperature which will permit the continuance in Public Life of the most useful men extraordinary efforts inconsistent with the principles of constitutional government must be made. Some popular caprice may defeat an able and representative man just when his party most needs him, as McKinley was defeated in 1890 at the congressional election in his district. Great leaders of parties should never be in doubt of their election so long as they retain the leadership of their parties, and they should be able to devote the whole of their time to the public service. What is called a "landslide" today would, under the Proportional System, be merely enough to cause the loss of a few congressmen, a loss of a control in the House, but under it the nucleus of the party would remain unimpaired and it would suffer but a slight loss of both prestige and patronage. The pressure for office would be reduced to a minimum by constantly keeping in the public offices that proportion of officeholders to which each party was entitled. This would accomplish all that Civil Service was proposed to do, and by this plan the GOVERNMENT would not have its hands tied with useless red tape. Both for those who

hoped to earn a living by legitimate service in public life or in politics, as well as for those who hope to advance the causes which are approved by them, Proportional Representation is the supreme issue.

But more than this: without Proportional Representation we can never escape from the ball-and-chain of the marginal control, and the problems which the modern state *must* accomplish cannot be undertaken. Many excellent reforms have been worked out on paper,—such as the governmental operation of certain public utilities—which must be postponed to another generation until a responsible and efficient governmental machine exists. The governmental machine must be strong, resilient, elastic and able to meet all sudden shocks and emergencies; its officials must be able to deal on terms of equality and power with the heads of the great corporations whose tenure of office will be no more secure than their own, and they must be able to have acquired a thorough understanding of the various conditions under which all Useful Work is carried on so as to be able to make Public Policy accord with Business Policy. The men who will finally come into control of the offices of GOVERNMENT will have had a long preparatory training as the representatives of class-conscious groups functioning in the Useful Work of daily life. They will not represent outworn fictions, and they will never cater to the whims and caprices of the marginal voters. The latter may have their representatives, but they will not control as they do now. If there are ten thousand hoboes in the city when the vote of 350,000 before mentioned is cast, they will be entitled to but *one* alderman, and they will get him, and no more. The hoboes are mostly concentrated in certain wards; they are the best represented of all the people in the city because their representatives represent a distinctly class-conscious

group and they know what their people want. This the other aldermen do not know, and therefore the wards are constantly changing them, as the voters of the districts, who are not a solidarity or group-consciousness, are constantly seeking rest and finding none.

The political parties as we now know them would disappear with Proportional Representation, they would "suffer a sea-change into something rich and strange." The factions which are linked together in either of the great parties are at present merely *accidentally* tending in a given direction, not because they all want the same identical thing. Under the proposed system it would be possible for me to vote always for the exact policy I want without bolting my party, and thereby the factions in the parties would be able to bend them to their wills without breaking up the party organization, and would drive forward the marginal intelligence. The greater the strife of factions, the greater would be the vitality of the party, for factional strife could not "knife" the party by pushing its factional party program. But, under present conditions, party factional strife does not make for party success, and Ben Butler's famous saying is not true. This the Democrats of 1896 and the Republicans of 1912 can verify.

11. Proportional Representation Will Select As The Organs Of Public Policy And As The Representatives of Government The Most Capable Political Agents Of The Class-Conscious Groups Which Carry On The Useful Work Of Civilization And Thereby Establish The Heroic Organization of Government.

(a) The Class-Conscious Groups are the natural proliferations of the population resulting from the Useful Work of SERVICE, INDUSTRY and GOVERNMENT. As a child first learns to distinguish a living from an inanimate object,

hoped to earn a living by legitimate service in public life or in politics, as well as for those who hope to advance the causes which are approved by them, Proportional Representation is the supreme issue.

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ferations of the population resulting from the Useful
Work of SERVICE, INDUSTRY and GOVERNMENT. As a child
learns to distinguish a living from an inanimate object,*

so the student of natural law learns to distinguish "*Natural Forms*" from "*Accidental Forms*." A natural form is a living being, plant, animal or crystal, which by a force intrinsic to its substance has developed by growth a visible body in which the external shape and internal structure are harmonious expressions of the internal force which operates in its purposive consciousness, that force by which it is what it is, the *Forma Substantialis*, *Entelecheia*, or *Soul of the Form*. An accidental form is one in which there is no such force making for symmetry or solidarity; it has not developed its mass or visible body by growth, but it is made by forces extrinsic to that of its substance, so that, so far as the forces within it are concerned, its form and structure are accidental. Thus a handful of mud, a shapeless mass of flesh or rock torn from its source is an accidental form and has no life in it determining it to that form and structure. Form and structure are the symmetrical expressions of Life: every living thing takes on an external form and an internal structure which is exactly harmonious with the life in it, and without the perfect adjustment of these harmonies of form and structure the living thing will die. A carved figure of a man resembles a living man slightly in form, but in nothing else.

Just as the inherent force of an ultimate particle of substance operates in the body of an animal or plant to produce the form of symmetry by which it expresses itself and multiplies its powers, employing for a time a countless multitude of similar ultimate particles of matter upon which it impresses its will and purpose,—so the law of association in Useful Work produces similar proliferations of the group-units. The groups are made up of individuals associating in some necessary work and by the laws and forces of symmetry arising from the nature of their work

the principles of their association are determined. The reality which results is a living social body having a purposive or group-life of its own, and the whole of these bodies or groups constitute the body of that monster which Hobbes called "Leviathan" or Civilization whose soul is SERVICE. In every living body the individual caprice of the units of structure are subordinated to the purpose which animates the body or organ. If that were not the case the body would not be *alive*. In the accidental form the opposite is the case, and the caprice or individuality of the realities which make up the structure are exercised without any reference to any common purpose. Hence the chain is no stronger than its weakest link, and the crowd moves no faster than the pace of the slowest, and the consensus of an accidental group will be that of those least disposed to agree to anything. As the class-conscious groups arising from Useful Work are, in fact, those who do the Useful Work of the world, their common purposes will always be that of the highest integrating group so far as the capacity of the dependent groups are able to carry it out. The purpose of Civilization as a whole, if organized in this manner, would be that of the group of the greatest functional importance in defining and exemplifying the formulas of SERVICE. For each essential group the chief concern would be its functional relation to the groups with which it was related, *and the maintenance of that relation would be its business policy*. Every effort of each of the group-units would tend to emphasize this and to demand and enforce the selection of representatives of the group who could carry out this policy. Every one of these units would be keenly alive to the practical necessity of this policy and sensitive to any hostile change in the environment of the group. The representatives of the

groups would be the social nerves of the body of this "Leviathan," and their consensus would necessarily be that of the interests of the groups of those engaged in Useful Work in their functional relations to each other, or Public Policy in the proper sense.

(b) *The steady pressure of the selfish interests of the groups will produce perfect coordination and dispense with the necessity of the negative checks restraining the Mob which now constitute the principal business of GOVERNMENT.*

A Mob is an accidental aggregate of human units torn loose from the purposive tendencies of Useful Work and acting under the unrestrained promptings of the least intelligent element necessary to make a majority, or a consensus arising from the accidental assembly of the units composing it. Except for the necessity of Useful Work every political aggregate known to our law would really be a mob, for our political wisdom is able to create nothing else but mobs, unless we organize armies for military purposes. Useful Work, however, exerts its restraining influence upon these mobs called political organizations, and this restraint all the policies of GOVERNMENT and of Public Policy seek to maintain. For this purpose we have invented a multitude of negative checks and baffling entanglements. But by selecting at large the representatives of Public Policy from the natural groups of those functioning in the Useful Work of society, we will find that the selfish interests of the groups will dominate the action of the group-units and that the representatives of the groups thus selected will necessarily coordinate perfectly the various selfish interests of the groups,—and by so doing coordinate in the real and enduring interests of Civilization.

(c) *The Heroic Organization of GOVERNMENT.* In a certain sense every man who is as big as his job is a hero,

for then no one could do it any better. All that is necessary to secure the heroic organization of GOVERNMENT is to free the functioning groups from the restraints which interfere with the better performance of their work and which misplace the group-units. As Tyndal said: "*Dirt is simply matter out of place.*" Conversely, as applied to the problem under consideration, the heroic organization of society will be accomplished when we have permitted Useful Work, which always makes for symmetry of form and structure, to assign everywhere the right man to the right place. Then all the strength, talent, ability and usefulness of the group-units will be wisely and economically directed, and society will put on its "giant strength." When every energy employed in Useful Work is free to expend itself in its own way, variations in individual capacity will be multiplied by the variations of functional capacity, and the condition of liberty will be the condition of the utmost security and power.

12. Proportional Representation and Woman-Suffrage.

In many states the electorate has been doubled by Woman-Suffrage. This necessarily still further reduces the level of the intelligence that is common to all. For, if women can bring to the electorate special capacities, instincts and knowledge which are peculiar to themselves, the effect will be similar to any other increase in the number of electors differing among themselves in peculiar special knowledge and training. But the moral and intellectual differences in the sexes will emphasize themselves. Just as men excel in initiative and are deficient in stability, women are deficient in initiative and excel in stability. Their influence, as soon as they arrive at any sort of a class-consciousness, will be to inhibit changes and innovations, and to stabilize the conventional usages to which they are ac-

customed. The souls of these delicate, fragile things are ten times more rigid than tungsten-steel. That is as it should be, for they are the treasure-holders, and keep the parlor of Civilization. If before the adoption of Woman-Suffrage radical reforms were made difficult by the Machiavellian-Ricardian economics, afterwards no changes of any kind would be possible which were inconsistent with the policy of the leaders of the class-conscious groups. The ordinary political declamation which plays havoc with the marginal male element will never work with women; the instinct of stability, which all male creatures lack, guides them where experience and knowledge fails. This same instinct will cause them to be influenced by the established industrial and social forces, rather than by the unstable and changeable leaders of the political districts. Other than by the leaders of the class-conscious groups the new electorate can never be organized, for the ordinary style of political organization and agitation can never appeal to women. A subtle instinct, in which resides the wisdom of the race, makes the Ward-Club and all its associations abhorrent to the delicacy of women.

13. Suffrage and the Alien Vote. The European Civilization, of which the United States is the perfect fruit, has been produced by one race of men under varied conditions. No European white man is a "foreigner" to us. This race is by nature endowed with certain habits and instincts which separate it from all other races of men, and so makes it a species. Out of these instincts and peculiarities it has spun this body of laws and institutions whose future development could not be entrusted to alien branches of the white race, and certainly should not be committed to the care of wholly non-white races like the negroes and the Chinese. But

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when the right of suffrage is limited to the members of this race, naturalized in the United States, they constitute an electorate which, having produced all the civilization that there is in the world, is instinctively capable of meeting all future problems. But this electorate must be guided by the intelligence of its specially trained groups as a man is by his senses and his judgment. We must not place the burden of the world on the back of the members of our family who possess only that intelligence which is common to all of us. Their intelligence is not the intelligence of the People, their representatives are not the representatives of our People, and the experiment of attempting to maintain by them GOVERNMENT of the People, by the People and for the People, has failed. We must call upon the heroes of the common life, the leaders of the class-conscious groups, to represent us, and to frame for us Public Policy. Except under their leadership it will be impossible to undertake the solutions which I propose to outline in the following chapters.

Proportional Representation is therefore the first and most important of all so-called "reforms," for without it no other reform of any importance is possible.

CHAPTER II

THE HOUSE OF BUSINESS POLICY

1. A Sudden And Universally Great Demand For Directed Laborers Arising From Any Adequate Cause Would Be Followed By Industrial Anarchy By Reason Of Strikes, Lockouts And Labor Troubles.—Let us suppose that the program to be hereafter outlined in Chapter III is being carried out; or, that from any adequate cause a tremendous increase in the purchasing power of the Market should occur, and a corresponding demand sets in for directed laborers; then, it is evident that under existing conditions industrial anarchy would immediately ensue. Wages would rise and keep on soaring as among the miners in the early camps of California. Labor wars of the most serious character would ensue, so that the benefit of the proposed change of policy would be largely, if not wholly, lost. To meet this condition, and to dispose forever of the absurdity of strikes and lockouts and the criminal employment of organizations of directed laborers, it is necessary to restore, on the scale and proportion of modern life, a municipal corporation coextensive with the State similar to the Medieval Trades Guild. This corporation will wield the disciplinary power of the State over all employers and employees and be, in fact, the State of Illinois, not engaged in the Useful Work of Government in the general political sense, *but the State of Illinois engaged in the Useful Work of INDUSTRY and therein presiding over that work.*

2. In The Transition From The Medieval To The Modern Life, Civilization Lost An Important And Necessary Organ Of Public Policy,—viz.: The Medieval Trades Guild.—A Trades Guild was not in any way similar to a Labor Union. Its chief characteristics were as follows:

1. A trades guild was a municipal corporation, clothed with governing authority, and could enact ordinances and have them enforced. It was similar to a park board or a village in this respect.

2. Over each important trade some guild presided and by its ordinances regulated the conditions of employment, prices and wages.

3. Only the employing masters could vote in the sessions of the guilds and the interests of the directed laborers were committed wholly to the care of the employing masters as a class.

4. In the guilds each employer had but one vote, no matter how large his business was, and thus employers whose harsh treatment of employees brought trouble to other employees, would be disciplined by their fellow masters.

5. In like manner employers who paid lower wages and made inferior goods which enabled them to unfairly compete with their business rivals would be disciplined by their fellow masters, compelled to pay higher wages and make better goods or go out of business.

6. Guilds first began to appear during the tenth century, when the daily wage of the unskilled laborer was of the present purchasing power of fifty cents per day. When in the turmoil arising from the invention of printing at the beginning of the sixteenth century the hereditary nobility got the chance to steal the public lands and reduce the people to slavery, they first nullified and then abolished the powers of the guilds. At this time, in 1500, before the general introduction of printing, the daily wage of the unskilled laborer in England exceeded the present purchasing power of \$3.00 in our markets and was the highest that it had ever been known to be in history. It had slowly risen from the wage of the tenth century (then equal to the

present purchasing power of 50 cents) under the joint protection of the Religious Orders and the Medieval Guilds. Thirty years after the expulsion of the Religious Orders and the confiscation of the church lands and the appropriation of the common land and the depreciation of the currency by Henry VIII (by which the economic system of the medieval period was destroyed), the wages of common labor had fallen to about 35 cents a day in its purchasing power as estimated in present values, and the guilds could not enforce their ordinances; they died out as effective forces and were finally abolished by act of Parliament. They were a constant source of irritation to the slave-driving country squires who had participated in the loot of the people, and the squires controlled the Parliament until the repeal of the "Corn Laws." The publicists who shaped and determined all questions of Public Policy in the Medieval Period were the *Religious Orders*, by whom the economic system warred on by the hereditary nobility was evolved, and in this the *Guilds* wielded the disciplinary power in the industrial trades, determining wages and prices.

In the modern state there is no power which can exercise a legitimate jurisdiction over the problems of INDUSTRY, and the attempt to force this jurisdiction upon the political state, or upon GOVERNMENT as a special integration of Useful Work, by the world-wide Socialistic movement, evidences that civilization has lost something which it is vainly seeking to restore. The necessity of this power is also evidenced by the growth and development of the Trades Unions.

Trades Unions came into existence as a result of the introduction of modern price-lowering and wage-raising machinery. About the time that Robert Burns was earning fifty cents (in present values) per day working 14 hours as a ploughman, the new machinery began to be installed in the English factory towns. The slaves of the country squires were given refuge and employment there at wages

having approximately the purchasing power of seventy-five cents a day, and to skilled and intelligent men there were unlimited opportunities for advancement. The shrewder kind of these workmen used to meet at various coffee houses at lunch time and canvass the situation, comparing conditions, and out of these associations of the more intelligent workmen grew the unions. The union has constantly sought to standardize wage by fixing a minimum scale, and thus it has served to help to exclude those employers who could not meet the FALL IN PRICE, RISE IN WAGE and RISE IN RENT tendered by the more efficient employers. But the union has had no method of enforcing the minimum wage except by labor wars, strikes, lockouts and boycotts which become the more destructive and expensive to life and property the more extensively the union as an organization operates. In their attempts to enforce the standardization of the minimum wage upon the inefficient employers the latter have often posed successfully as the champions of the "right of every man to run his own business in his own way," and the inability of the unions to enforce their demands in any other way than by anti-social methods, culminating frequently in criminal conspiracies, would long ago have resulted in their abolition by law if it were not for the fact that, on the whole, they serve a useful purpose and are absolutely necessary in the complete absence of any other more efficient substitute. In a state of society like that of China, where from age to age there is no progress whatever, no improvement of method and no Rise in Wage, unions can enforce their rules only by resisting the efforts of inefficient employers to reduce wages. But the Chinese "tongs" are far from being peaceful organizations, and under a more enlightened government would undoubtedly be abolished. The union, as an organization to accomplish its

principal legitimate purpose, the periodical standardization of the advancing minimum wage and the elevation and instruction of the directed laborers, is defective in the following particulars:

1. In the Union no employers are permitted; the membership consists wholly of the directed laborers. But LABOR OR INDUSTRY is primarily the self-employing act which gives direction, and by excluding the employers from their membership the directed laborers lose their natural heads and champions.

2. The directed laborer who loses one job must seek another employer or employ himself. Hence, in the ordinary run of things, his appeal from one employer is necessarily to another employer.

3. The overwhelming majority of employees work for persons who are nearer to them and who will make, and do make, more sacrifices for their interests than any labor official possibly could.

4. The interests of the employer and employee, taken as classes, not as individuals, are always and necessarily identical, not antagonistic. One of the principal evils of the trades union is that, by reason of the recurring disputes with particular employers, the trades union tends to foster the socialistic superstition of "class-antagonism," so that the socialist never uses the words "class-consciousness" except to mean a consciousness of class antagonism as something inherent and necessary in the order of things existing between employers as "capitalists" and their directed laborers. But, on the contrary, every advance in Fixed Wage is derived from the advance in Indeterminate Wage or Profit, without which no Fixed Wage would exist. And Indeterminate Wage is derived from the FALL IN PRICE resulting from superior productiveness which awards every RISE IN WAGE and RISE IN RENT. Those inferior employers who cannot meet the FALL IN PRICE of the employers who pay the bulk of employees their fixed wages except by cutting the fixed wages of their men are the very ones the em-

ployers of these men want put out of business, so that the employers who alone grant the RISE IN FIXED WAGES are the ones who really standardize the Minimum Fixed Wage, not the unions, which merely challenge those inferior employers who seek to reduce wages below the standard thus made, or refuse to comply with it.

5. The union cannot embrace in its membership all directed laborers, but only a few of them. It is a voluntary organization, and can never eliminate "scabs."

6. Finally the union cannot maintain itself except by acts of anarchy and disorder, by strikes, lockouts, boycotts, slugging, malicious mischief, arson, dynamite and murder. It must actually wage war, like a militant state, and this sort of thing is intolerable and must be terminated.

Objectionable as the Trades Unions are in these important particulars, the Employers' Associations are as bad or worse. A few employers, whose pernicious activities have often aroused the indignation of the entire community in resisting the just and reasonable demands of their directed laborers, organize themselves and assume to be the "heaven-born" champions of the rights of capital. They are usually the very ones that real capitalists, if they had their way, would first put out of business, and in their struggles to resist the competition of employers who pay their men reasonable wages, they involve the whole community in turmoil. By reason of these protracted lockouts important trades will suspend operations for months, as during the building trades strikes; or, by obstinately backing up some offensive sweat-shop, may involve the uprising of the whole body of organized labor, like the occasion which brought about the "Teamsters' Strike" a few years ago. Again the mere lack of a tribunal wherein reasonable grounds of difference could be adjusted may bring about dissension wholly unnecessary and uncalled for, as in the "Publishers' Lockout" recently, or more recently the strike of the street

car men when the great city of Chicago was deprived of its street car service for a week. Everybody knows these conditions are things that cry for remedy, but we cannot trust the machinery of existing government to adjust them. No business man would permit a judge and jury of a conventional court to pass upon the details of his business and determine for him prices and wages; he would close up his business first. Neither can "Arbitration" adjust the matter, for the arbitrators cannot compel or enforce compliance with their awards. Nevertheless a tribunal must be established whose decrees business men will accept which can adjudicate all labor questions and enforce its judgments and which will permit all the machinery of INDUSTRY to be in uninterrupted operation. This tribunal is the proposed HOUSE OF BUSINESS POLICY, a municipal corporation, coextensive with the State, invested by GOVERNMENT with power to determine these questions, but which is an instrument of INDUSTRIAL and not of POLITICAL GOVERNMENT. It is a consolidation into one organization of the offices and functions of what, in medieval times, would have been those of many guilds.

3. The Fundamental Principle Upon Which The House Of Business Policy Is Founded Is The Fact That Capitalists As A Class Cannot Increase Their Profits Except By Raising Fixed Wages Of Laborers As A Class.—In the struggle to apportion among themselves the whole of the tangible goods produced by those who are engaged in INDUSTRY the "Differential Factors" (competitors who differ each from the other in some functional or individual power) who seek to control this apportionment must either control it by *increasing* or *diminishing* the quantity produced. If they seek to control the apportionment, and thus exclude others from sharing in it, by the exercise of their

superior productiveness they will establish the Price Lowering Monopoly which is the legitimate Market and whose active factors, or "capitalists," as a class cannot increase their profits except by lowering the prices of goods to the public and by raising the fixed wages of labor and by increasing the number and utility of the opportunities common to all. This effect they accomplish by THE FALL IN PRICE, THE RISE IN WAGE and THE RISE IN RENT. By their superior productiveness they lower prices and control the market and the apportionment of all goods and thereby fix all values, constantly excluding those inferior producers whose costs of production are such that they cannot meet the FALL IN PRICE fixed by them. These inferior producers cannot pay the RISE IN WAGE; and, if they could, would cut wages and thus for a little while longer they would linger. It is to the interest of the more competent employers to hasten their extermination as business rivals. In the great city are a multitude of persons who have no credit; they must eat, however, and pay rent. Hence they must take what employment they can find. Taking advantage of this, some great mail order houses have sprung into existence which are cutting the life out of many a sturdy business in the country which pays its employees better wages because the employees and the employers there have always maintained a certain standard of living for their town and would not lower it. If these country business men were called upon to settle a wage-dispute arising with the employees of a concern of this kind, they would compel the concern to pay its employees decent wages and they would make it less able to take an unfair advantage of them by paying an unfair wage. Wherever there is a concern that sells "shoddy goods," "sands its sugar," or cheats its help, its profits do not arise from the control exerted by the FALL

IN PRICE, or the control arising from superior productive-ness and it is a parasite upon all legitimate business,—the common enemy of both labor and capital. All legitimate profit is Indeterminate Wage, or the control over the flow of goods in the Market which is maintained by the FALL IN PRICE resulting from methods of superior efficiency. This profit is a phenomenon resulting from Increasing Returns and is the reward of Industry to those who increase them. That profit which is the result of increasing returns to all the several industrial factors continuing to supply the Market is necessarily *not* a form of robbery. It is not only *not* a robbery, but the interest of those who obtain it lies in preventing all direct and indirect forms of robbery. It does not consist of stolen wages, but every form of increase in wage is a gift from those who produce the Indeterminate Wage or Profit out of which it is awarded; and, as Fixed Wage in its successive increments has been made up of similar spontaneous gifts, by which directed laborers have been drawn from less profitable forms of self employment or employment by those who paid them less, all Fixed Wage is wholly the gift derived from this source. The majority of the 53,000,000 people living in the cities of the United States of more than 2,500 population thus earn their living, since they could not work in cities otherwise than under direction, and if they were to attempt to maintain themselves in the country it would be on Chinese wages. That high degree of efficiency in production, which gives the major half of the population a better living in the cities (where they work under the direction of the most skilled) than the agricultural laborers in the country, is solely the result of the directing intelligence which pays them higher Fixed Wage in the city than the Fixed Wage paid in the country. Those who guide and direct are laborers as well

as those who work under direction. But the labor that is of the greatest functional importance and which contributes chiefly to the result, and as the chief producer is entitled to the maximum share of the product, is that of the directing responsibility, will and intelligence. The directed laborers produce their own wage only under direction; the direction is not a restraint upon them, but is the mighty hand and the stretched-out arm without which they could do nothing at all.

There is another sort of profit which is sought by those who are able to exercise some control over the flow of wealth in the Market by checking production and diminishing the flow of wealth in the Market. From this arises the Price-Raising Monopoly which raises prices, lowers wages and diminishes the opportunities which are common to all. Those who maintain this sort of monopoly employ certain legal privileges which have a value in the Market and are capitalized, and the owners of these privileges are commonly called "capitalists" and are confused with real capitalists. But they are not capitalists in the economic sense, but mere parasites, and their profits are all stolen wages. But "capitalists" of this kind do not employ labor, for if a price-raising privilege is exerted in behalf of any labor-employing agency it will be found, upon examination, that the privilege is merely a defensive price-raising privilege (like the Tariff) which exacts its profit by robbing the other sort of privilege and not by the robbery of labor. Defensive-Price-Raising Privileges are the horns of the industrial Taurus by which he tosses and gores the common enemy of INDUSTRY, the non-industrial or destructive exploitation of the dependent industrial functions, and by so doing reduces the restrictive drag of those whose profit is derived from checking production only. To be a robber or an assassin

is one thing; to be a robber of the robber or an assassin of the assassin, is another.

Again it is true that the vast numerical preponderance of the directed laborers in this and in all other states is employed by concerns which have but a few men, and with all these men the employer sustains intimate and friendly relations. The typical capitalist is not the great concern, employing thousands of men, or the wealth-swollen porcine gentleman depicted in the cartoons of the daily screamers. The typical capitalist is the little store-keeper with only one or two helpers; the little shop with a capital of a thousand dollars and two or three helpers. These concerns, without changing their essential character, grade up to concerns which may employ as many as 100 or 200 men, without losing in any degree the intimate friendly relation of the little shop. At the other extreme the very greatest and most ably conducted corporations have so subdivided their work (where high efficiency is sought) that they maintain an even greater degree of friendly interest in their skilled employees than the little shops do,—educating them at considerable expense and watching over them so as to ensure their success. They search the world for experts and, wherever they find merit, seek to obtain it. Many a rose would blush unseen but for them, and many a jewel of purest ray serene the dark, unfathomed caves of obscurity would forever hide, but for them. Carnegie boasted that he has made over 200 millionaires, and this boast was not an idle one. The great concern is ever looking for the men who have business and administrative capacity united with the sense of responsibility; if it does not do this it will die of dry rot. If there is a concern which seems to be prosperous which does not do this, which is not eager to advance its responsible men,—more eager in fact than most of those

who are properly attending to their work are—beware of it; it is dying at the top, and some day it will collapse. As the rats desert a sinking ship, the wise employee will look around. Between these two extremes, the little shop where the men are all known to each other, and the big concern combing the world for talent, lies a sort of Saragossa sea, the “Horse Latitudes” of the business world, where many an ancient mariner is becalmed. They constitute that portion of the business world which employs the least degree of skill and ability, many of them depending upon local conditions which compel recourse to them, and which will only progress under pressure. Here are to be found the petty cheats and frauds of the shifty incapables, the thimble-riggers and the shell-game workers of the business world. Some of them, like toad-stools grow up in a night and attain to an unwholesome prosperity at the expense of other legitimate businesses. These are the employers who do not want to pay their help and whose motto should be: “We aim to cheat.” If they do not do this, they can barely make out an existence, and such is the case with many honest but inefficient business men. Upon these alike, the cheats and the incapables, the demand for the periodic standardization of the advancing minimum wage is unwelcome. That demand is unwelcome to them alone of all employers, for all other employers of *their own accord* advance fixed wages to secure efficient help and it is this fact alone which has from the beginning made it possible for unions to form, to exist, and to exert a continuous pressure upon the deficient class. The uplifting influence of the superior methods in advancing wages is irregular and inconstant. The union serves as a sort of governor or balance wheel communicating steadiness to the pressure derived from the superior and more efficient employers of labor. Unions could not exist if

wages were falling constantly; it is only because fixed wages are on the whole rising, but unevenly rising, that they serve a useful purpose and are possible.

The monstrous superstition maintained by the Socialists that the employers of labor, as a class, are the enemies of directed or employed labor, as a class, was derived by Karl Marx from the formulas of the Ricardian system taught in all of our colleges. We must not blame the Socialists for this; it is a crime for which we should hang the professors, not the honest believers who have taken these academic jokers at their word. We are taught by the thistle-eating crew in the colleges that by reason of the niggardliness of nature in not providing a sufficient extent of arable and fertile land *for agriculture* that the human race is compelled to engage in the production of the necessities of life on a constantly diminishing scale, and that a rising value therefore attaches to the ownership and control of the products of labor. Price is supposed by them to be determined by the increasing cost of production, and the cost of production is determined by the increasing expense alleged to be necessarily put forth with diminishing result to maintain a bare existence. The professors are practical jokers; they picture to us a nightmare, and call it "science," just as little boys in sport will draw a fierce looking picture and say: "That's you!" Of course if it were true that decreasing returns were the fixed and invariable condition of INDUSTRY, instead of the opposite, then every man who had enough for a meal would be the enemy of all the others, and vice versa. And naturally the capitalist, if he grows rich while the return to labor diminishes, does not benefit them. But, in fact, the return to labor grows slowly more. It has risen from the 30 or 35 cents a day which was the 16th Century ruin of the 15th Century \$3.00 wage, to about

\$2.00 per day. Under the slow but effective ministrations of the old-fashioned capitalists before the invention of modern methods it had risen to 50 cents per day in the time of Burns. The factory owners of Manchester, Leeds and Liverpool at the beginning of the last century raised it to 75 cents, and the steady improvement of method introduced by their successors has brought it up to the point where it is now two-thirds as much as it was in the days of the Guilds and the Religious Orders at the close of the medieval period. This record does not show that employers of directed labor are the robbers of labor. But it does most strongly suggest *that something which we have not yet smoked out has deprived us, and is now depriving us*, of the full benefit of the improvement of methods introduced *by* employers or capitalists.

The fundamental principle of THE HOUSE OF BUSINESS POLICY is, therefore, THE BENEFICENCE OF BUSINESS POLICY; that it is the policy of the most efficient producers in the state of increasing returns (who control and who constantly seek to control the apportionment of all the products of labor) to maintain their control by THE FALL IN PRICE, THE RISE IN WAGE and THE RISE IN RENT. The superior method excludes its rivals by voluntarily lowering prices. It secures the best help by voluntarily raising wages. It gets the best locations by voluntarily tendering more for rents. That is BUSINESS POLICY. And THE HOUSE OF BUSINESS POLICY is the "Church" of Business, its home, its work-shop and its play-ground.

4. The Electorate Of The House Of Business Policy Is Limited To The Employers Of Directed Labor In The State Of Illinois, Voting Proportionately According To The Amount Of Wages Paid.—The act under which THE HOUSE OF BUSINESS POLICY is to be organized provides

that every employer of labor in this state must annually report to the Secretary of State the name and address of the business and state the amount of wages (fixed wages, commissions, payments for piece work) paid out during the year. The concern must cast its vote as a unit (that is, partners or directors must agree), whether an individual person, a partnership, or the directorate of a corporation. Every individual employer who employs no more than himself (a banana peddler, for instance, for the whole preceding year and who is still in business) is entitled to one vote. Others are entitled to one vote in addition for each \$300 paid out in wages during the year, fractions not being counted. Thus the peddler who employs himself votes but one vote; if he has a helper to whom he pays out \$300 in wages during the year he votes twice. The qualification of these electors may be inquired into by certain officials, but not in such a manner as to disclose their business secrets. These electoral concerns are under strict compulsion to make these reports and to participate in the ensuing election, and the failure to do so without just cause will subject the offending business to severe penalties. These constitute the entire electorate of THE HOUSE OF BUSINESS POLICY.

5. The Senate Of Business Policy Is A Council Composed Of Employers Of Labor Elected From The Body Of The Employing Capitalists Of The State Vested With The Legislative Power Of The House Of Business Policy.—Business men have a solidarity of interests, just as workmen looking for better pay may have. Their interest that is common is to standardize the least efficient methods employed, just as the laborers wish to standardize the minimum wage. By elevating these methods and excluding fraudulent practices of their own members towards each other, towards the public and towards their help, the

ancient guilds ruled so well, that the socialist Hyndman says that but one strike is known to have occurred during the whole of the medieval period, when forty tailors went out and stayed out one-half day somewhere back in the 13th Century. History does not say whether they lost or won the strike. As it would be manifestly impossible to employ any other way than the representative system in composing this Senate, the electors will vote for the entire body under a proportionate system of nomination and election, so that the members of the Senate will represent the various sorts of business interests in the State in the proportion of their wage-paying power. This, however, does not mean that the concerns which individually pay the most wages will have the largest representation. On the contrary, the proportional system will nominate and elect as the controlling majority of this board the representatives of the small business men of the State who collectively pay out five times as much wages as the others. Of the 1,146,173 male voters participating in the presidential election in this State in 1912 how many of them were employed by the concerns floating in the "Horse-Latitudes"? How many by the great corporations? We have a State Bureau of Labor Statistics; it might tell us something about that. Immediately upon the organization of the Senate the inner principles of Business Policy will begin to disclose itself, and the Senate will deliberately proceed to reform the abuses from which business men and employees have long suffered. They will enact such ordinances as their experience will suggest in the direction of organizing *all* the directed laborers of the State. This organization of the directed laborers of the State, to be effected under the ordinances of the Senate, will include *all* the directed laborers who are employed in this State and the ordinances of the Senate

will be obligatory upon all employers of labor working in this State.

6. The Substitute For The Trades Unions In The House Of Business Policy Will Be The Board Of Administration Of Business Policy Composed Of The Officials And Body Of Directed Laborers.—The organization of directed laborers is called "THE BOARD OF ADMINISTRATION OF BUSINESS POLICY." It will have the powers of a grand jury, both generally and in its local organizations and branches, for the purpose only of inquiring into violations of the ordinances of the Senate. For this purpose it can summon witnesses and compel their attendance before its tribunals, and it will have officers employed to prosecute its grievances in THE COURTS OF BUSINESS POLICY. In addition the Board of Administration will have other broad powers. It will have the power to pension its members and to insure them against sickness, old age and death. The fact that all the directed laborers of the State are of necessity members and that it will continue with an ever increasing membership, will permit it to take advantage of the experience of the various accident and life and fire insurance companies, and thus to take over all the business of the existing insurance companies. Thus the Board of Administration of Business Policy would be an imposing reality, far more substantial than the present labor organizations which it succeeded. For its expenses, as a labor organization would be small. If the revenue derived from its insurance business would not sustain it, employers could be compelled to take out of the wages paid to employees a certain amount, to be determined by the vote of employees (not necessarily more than ten cents a week for unskilled labor), which would be sufficient. Labor would thus be housed in a worthy temple, with ample means of

securing for itself its legitimate demands and it would have behind it the power of all the employing capital of the State in the COURTS OF BUSINESS POLICY to enforce these demands.

7. The Court Of Business Policy Consists Of A Certain Number Of Experienced Business Men Elected From The Electorate Of The House Of Business Policy And By That Electorate Exclusively.—The Judges of the Court of Business Policy would be elected at large from the State proportionately in the same manner as the membership of the SENATE OF THE HOUSE OF BUSINESS POLICY, whose ordinances they interpret and apply. Complaints against employees and employers would be heard by this body and their decrees, except so far as some question of statutory or constitutional law was concerned, would be final. If any business concern should fail or refuse to comply with these decrees, the court would have the power to appoint a receiver and wind up the business condemned by it. The employee who in like manner stood in contempt would be punished by exclusion from employment in the State and by other penalties.

8. In The House Of Business Policy The Whole Of The Body Of Active Employing Capitalists Meets The Whole Of The Body Of Directed Laborers In A Necessary Functional Relation.—All that is necessary to establish harmony between directed laborers and employing capital is that the whole of the body of one class should, as such, be functionally adjusted to the whole of the body of the other class. Capitalists and Directed Laborers are united as classes, and functionally related to each other, and the prejudices which have arisen from the nature of the acts of certain employers or employees, cannot change the permanent and necessary nature of this relation. Capital, as a term in economics, means that sort of control over the

apportionment of the flow of goods which is possessed by those who lower prices by increasing production. It is Price-Lowering Monopoly. It cannot control the flow of goods except by lowering prices, raising wages and increasing the opportunities common to all. Real Capital therefore cannot exert its power in a manner in any degree whatever hostile to the interests of directed labor. In the struggle to exercise this price-lowering control real capital must encounter the opposition of that power which seeks a profit from restricting production for the purpose of raising prices with the effect of lowering wages and diminishing the opportunities open to all. When real capital, seeking to increase production, finds itself checked in this manner it clothes itself by the aid of GOVERNMENT with *Defensive Privileges* which produce a complex series of results that ultimately indirectly work out beneficial consequences, raising wages and increasing the opportunities for employment. In this contest the great capitalists, fighting for their price-lowering control, are fighting the battles of all directed laborers. The employing capital and directed labor both have a common enemy, and that is the vast inert oppressive weight of the unproductive purchasing power represented in the total value of the agricultural, mineral and forest lands, an amount equal to \$50,000,000,000, not a dollar of which has ever employed a day's labor while so invested. Upon this vast sum all labor and capital must pay interest; *there is where the colored gentleman has his principal hiding place in the woodpile*. But when the whole body of directed laborers and the whole body of Capitalists are brought directly by organization into the functional relation which they naturally sustain to each other, all their class struggles and antagonisms will cease. Labor troubles will be quickly decided, and the industrial organism will be prepared to endure easily the stress of unlimited prosperity.

CHAPTER III

THE SEVENTY-FIVE BILLION DOLLAR ISSUE OF THE IMPROVEMENT BONDS OF THE UNITED STATES

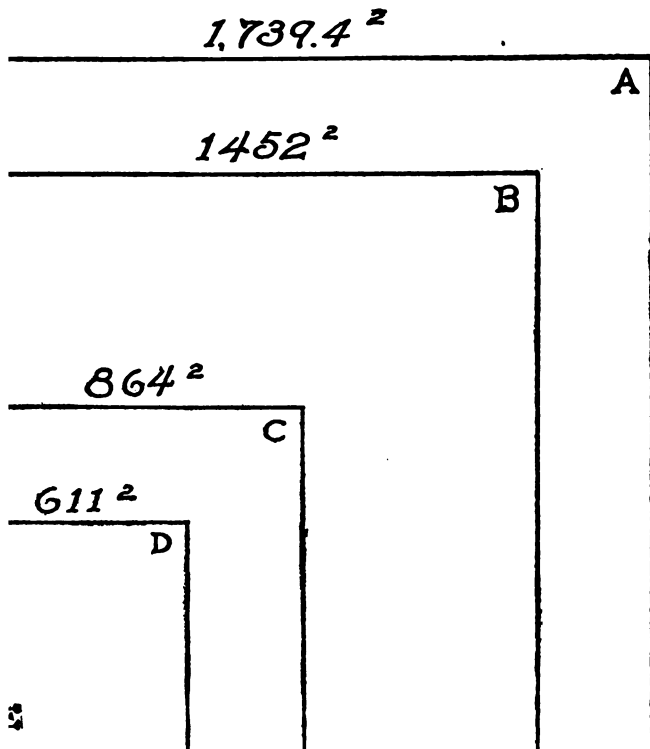
1. The Idle Capital And The Idle Lands Of The United States.—INDUSTRY is afflicted with a disease common to all nations which, except among the most energetic and progressive peoples, negatives all the gains derived from the improvement in business methods, causing the whole of the value of these improvements to be absorbed in the useless and fictitious value of the agricultural, mineral and forest lands. This condition arises as a development of the Public Policy of the least intelligent elements necessary to make a district majority, and more particularly, is due to the criminal stupidity of the teaching authorities in the schools and colleges who expound that policy,—the policy of those who know next to nothing at all,—in academic form as their spurious "Science of Political Economy." To better understand the concrete situation the following diagram may be consulted.

Explanation of Fig. 1.—The large outer square, "A," represents the total area of continental United States, 3,025,000 square miles, or $(1,739.4)^2$ equal to 53 times area of Illinois.

The area of A-B represents the waste, mountain, swamp and desert land of the above area "A," or 916,542 square miles, or 586,586,880 acres, equal to 16.17 times area of Illinois, which contains in it 56,665 square miles and worth on the average as a whole \$17 per acre. In the area A-B, wholly useless for agriculture, are most of the mines, of which for every one in use there are five equally good (apart from copper, silver and gold mines) that are not in use.

square "B" represents the fertile lands of United States, an 1,452 miles square or 2,109,058 square miles, 37 times the area of Illinois.

square "C" represents the area of cultivated and improved of continental United States, 864 miles square, or 747,581 square equal to 13 times the area of Illinois.



square "D" represents the area upon which the crop of 1909 on the square "C," according to the Agricultural Department, have been raised if farmed with "average" efficiency. It contains 373,790 square miles, is 611 miles square, and is equal to area $\frac{1}{2}$ states of size of Illinois,

The square "E" represents the area within which could be placed in families of 5 the entire 53,000,000 of the cities, on lots 50x125 feet with appropriate streets and alleys. It is 81.33 miles square and is 1/333 of the area of "B," containing 1,000 square miles less than New Jersey. It exceeds the combined area of all cities of United States, and is of greater value than all the other land.

The area "B-C" represents the 1,461,477 square miles of wholly unused fertile land within continental United States, 24 times the area of Illinois.

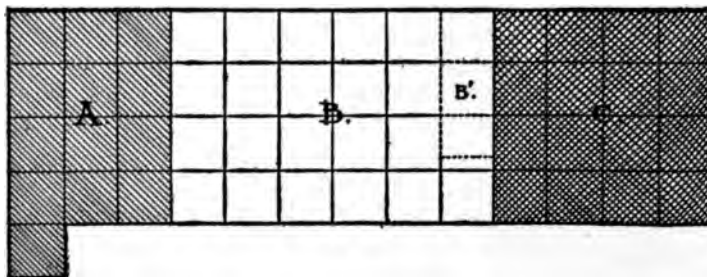


Figure 2. Continental United States in Squares of Size of Illinois.

Explanation of Figure 2.—This drawing represents the area of continental United States in 53 squares of the area of 56,665 square miles, or 238 miles square, each.

A equals the area of the cultivated and improved land, 13 *squares*.

B equals the area of uncultivated, unimproved fertile land immediately available for cultivation and tillage, 21¼ *squares*.

B' equals the area of uncultivated, unimproved fertile land which requires drainage and irrigation, 2¾ *squares*.

C equals the area of waste, desert and mountain land, 16 *squares*.

Thus we find that there are within the limits of continental United States 1,350,000,000 acres of fertile land, of which 100,000,000 require some drainage or irrigation to be made immediately available. This land, irrespective of the improvements upon it, as mere bare land, is rising in value or market price all the time, and is to-day "worth" \$40,000,000,000, or on an average \$30 per acre. In addition

to this tillable land there is the area of mineral, forest and so-called "desert" land which for various uses is to-day in the same manner increasing in price, so as to be "worth" on the market \$10,000,000,000. This land-value charge for the non-urban lands of the United States is a *debt*, in the nature of a mortgage, upon all the industry of the country which constantly increases with every advance in material progress. The titles to these lands have absorbed more than fifty billion dollars of the available capital of the United States, probably enough to finance the European War to its final conclusion. Every dollar of this vast sum is withdrawn from productive employment. Not a dollar of it has ever hired a day's labor. The only productive use this "capital" serves is that it may be employed, and is employed as a basis of credit in the state of minimum interrupted increasing returns to uphold the Market in its price-lowering control of apportionment, although it is itself, in its present place, not *capital*, but it is the value of a price-raising monopoly. Before any man can engage in the agricultural business he must pay out so much of his capital for the land *before he can invest anything whatever in the improvement of the land*. It is useless to say that this vast sum of fifty billion dollars does not exist; that it is a mere estimate of values or a figure of speech. Pick out 100 acres of fairly good land, and you will have to pay \$5,000 for it. Add to that payment for the 100 acres the payments required to be made for the others and you will find that the agricultural industry of the United States has actually got forty billion dollars, approximately, "invested" in the mere titles to the land. Here is a vast purchasing power that is not applied to any productive use. The money paid for the land has not compensated the labor that surveyed, explored, discovered or created it; it has not

paid the labor that has reclaimed it. This money has not purchased and installed any improvements whatever upon it, for the value of all of these improvements and the cost or value of all reclamation is expressly excluded. It is contrary to Business Policy that so vast and increasing a fund be withdrawn from productive use. In the unnecessary absorption of this value by the land titles lies the secret of business depression. For by pumping credit from this morass by the Tariff System a little spurt of life and new blood is made to course through the arteries of our anæmic INDUSTRY. Then as we slacken, or fail to increase, the pumping, again the credit and purchasing power of INDUSTRY drains into this Great Dismal Swamp. Here we encounter, then, the first problem of constructive Business Policy, which is: *How can this enormous fund of fifty billion dollars' worth of real purchasing power be separated from its present containers, and without confiscation or any loss whatever to those who have so invested, be expended productively and constantly kept in active and productive use? How can the yield of agricultural labor on the area now ineffectively tilled be so increased as to produce a constantly increasing ratio of food-products so as, at the same time, to lower for the cities the cost of living, and increase to the agriculturist the value of his total crop?*

We have \$50,000,000,000 of absolutely idle capital;*

* As the value of this land is in the nature of a mortgage debt it really evidences the existence of \$100,000,000,000 of idle capital. For the payment of rent or interest on the \$50,000,000,000 value of these lands withholds that amount of capital from productive use. This debt would be cancelled by the *Singletax* which would cancel the debt by destroying the value of all agricultural lands. If then, a credit of that amount was advanced to the owners as compensation and productively expended, the existing working capital would be increased by the sum of \$100,000,000,000, or ten times the total capital employed in the United States in 1910!

871,000,000 acres of absolutely idle fertile land, and we have millions of unemployed men. After we have accomplished the heroic organization of GOVERNMENT and established THE HOUSE OF BUSINESS POLICY, then the next step in the unfolding of our superior civilization, disclosing to the world the mystery hidden in the constitutional life of the Great Republic, will be the SEVENTY-FIVE BILLION DOLLAR ISSUE OF THE IMPROVEMENT BONDS OF THE UNITED STATES.

2. Industrial Progress During The Nineteenth Century Contrasted With The Teachings Of The Schools.—Thomas Robert Malthus (b. Feb. 14, 1766, d. Dec. 29, 1834) obtained a copy of the first census report of the United States, published in 1790. In this report it appeared that the population had doubled every 25 years. Upon this he founded his famous theory that population tended to increase at a geometrical ratio while the produce of the labor of this population could only increase at an arithmetical ratio by the addition of a like amount of product at close of the 25-year periods, as shown by the following tables for population and "subsistence," *i.e.*, the product of the labor of this population:

Malthus' forecast for the years—		1790	1815	1840	1865	1890	1915
Population in millions...	4	8	16	32	64	128	
Subsistence for millions..	4	8	12	16	20	24	

That is, by the year 1915 there would only be provided subsistence for 24 out of every 128 persons of the population, or for 24,000,000 out of the assumed 128,000,000. The population of the United States is now (1916) supposed to be in the neighborhood of 100,000,000, and, in fact, to be a trifle in excess of that, so that it has nearly maintained the rate of increase that Malthus predicted. As given by the Census it has been for the decennial periods as follows:

	Population	Increase	Per Cent
1790	3,929,214	.....	....
1800	5,308,483	1,379,269	35.1
1810	7,239,881	1,931,398	36.4
1820	9,638,453	2,398,572	33.1
1830	12,866,020	3,227,567	33.5
1840	17,069,453	4,203,433	32.7
1850	23,191,876	6,122,423	35.9
1860	31,443,321	8,251,445	35.6
1870	38,558,371	7,115,050	22.6
1880	50,155,783	11,597,412	30.1
1890	62,947,714	12,791,931	25.5
1900	75,994,575	13,046,861	20.7
1910	91,972,266	15,977,691	21.0

The Daily News "Year Book" for 1916, from which the figures above are taken, says:

"The census bureau classifies as urban population that residing in cities and other incorporated places of 2,500 inhabitants or more. The proportion of the total population of continental United States living in urban and rural territory at the census of 1910 and 1900 was as follows:

	1910		1900	
	Population	Pct.	Population	Pct.
Urban	42,623,383	46.3	30,797,185	40.5
Rural	49,348,883	53.7	45,197,390	59.5
Total	91,972,266	100.0	75,994,575	100.0

"In 1890 the per cent of the urban population was 36.1 and of the rural 63.9; in 1880 the urban population was 29.5 and the rural 70.5."

Continuing, the "Year Book" says:

"Comparing the rate of growth in urban and rural communities, it is shown by the census bureau that during the period between the census of 1900 and that of 1910 the increase in

urban population in continental United States was 11,013,738, or 34.8 per cent, while the increase in rural population was 4,963,953, or 11.2 per cent. There had been an increase in urban population in every state, while in six states there had been an actual decrease in rural population. These states were: New Hampshire, 5.4 per cent; Vermont, 4.2 per cent; Ohio, 1.3 per cent; Indiana, 5.1 per cent; Iowa, 7.2 per cent; Missouri, 5.1 per cent."

This acceleration of the rate of growth of the population of cities over the rural communities has continued and later publications of the census bureau give the estimates for 1915 as reversing the proportions of 1910; that is, the urban population is supposed to contain 53,000,000 (having increased 1,300 times what it was in 1790) and the rural population to contain 47,000,000 (or only 15 times more than that of 1790) of the estimated total population of 100,000,000 in continental United States. Hence we find that the urban population has increased over 80 times faster than the rural population.

In 1790 the cities of the United States contained about 10 per cent of the entire population; they have continually increased in population faster than the rural communities, and are increasing with an accelerating rate. If they now contain 53 per cent, in another ten years they will contain 60 per cent. The people living in cities are better off than the rural people; they receive better pay, live in better homes, have more of the creature comforts and they see more of the devil's pomp and pageantry. Their milk is just as fresh; their butter is better; they get the best steaks and chops. That is the reason the country population keeps on coming to the cities and when they arrive, they stay there. But, while the urban population is better off than the rural people, the rural industries have vastly improved since 1790. In Washington's time the "Father of His Country"

could not market his grain except by converting it into whiskey. The farmers of Pennsylvania rebelled at the excise tax in President John Adams' time because they had no market for their grain unless they could make whiskey of it and raft their produce down the Ohio. The entire area of fertile tillable land available for cultivation in 1790, from which the agricultural produce could be transported to market by water or wagon routes, was not much greater than the area of the state of Illinois. Since that time, by the steam railroad, trolley and automobile, and by the use of steam freighters of great capacity on the water, the whole of the fertile area of the United States has been made available, *that is, an area 37 times the area available in 1790.* During this time the population of the rural districts has increased but 15 times what it was in 1790, so that for every would-be agriculturist *there is more than twice as much fertile land available for cultivation as there was in the days of the pioneers of 1790.* The land lies there, fenced up and unused, with the railroads, trolleys and automobile roads running all through it, 871,000,000 acres, an area 24 times the area of the state of Illinois, on which no plough has ever traveled. It is scattered about the country, reaching up often to the margins of great cities, but which if massed in one compact body would make a tract 1,116.86 miles square, containing 1,361,477 square miles. That is, we have an area of totally unused agricultural land that is equal to the combined areas of Great Britain, France, Austria, Italy, Serbia, Bulgaria, Belgium, Portugal and the entire Turkish Empire. If we add to this area of fertile land that additional area which is equal to one-half of the region that is cultivated on which the yield averages only half a crop, and consider that, by reason of inefficient farming, as also unused, we could increase our space of

vacant unused and fertile land by an amount equal to the addition of another Great Britain and the whole of the German Empire. There is not, therefore, the slightest doubt that the unused area of the fertile land of the United States, without any noticeable improvement in method of cultivation, could support in comfort the whole of the present population of the United States and Europe.

During the period since 1790 not only has the area of available fertile land increased twice as fast as the agricultural or "rural" population (the population living outside of the towns of 2,500 or more), but the productiveness of the agricultural labor has been increased by improvements in transportation and in agricultural machinery, so that now each agricultural laborer, according to reports of the census bureau, produces 15 times as much in the same time with less toil than his predecessor did in 1790. That is, the yield of the agricultural labor is (fifteen times fifteen) 225 times as great as the agricultural labor of 1790, although the population of the entire United States is but 30 times as great. That is, it is now, or ought to be, 7.5 times as easy to get a loaf of bread, or other agricultural product, for each inhabitant of the country, as it was in 1790.*

This increase in the productive power of agriculture, as well as the increase in the area of available fertile land, has been entirely due to the labors of the inhabitants of cities. They introduced, constructed and operated the railroads, steamship lines, trolley lines and the automobile industry. They have invented, manufactured and improved the agri-

* Hence Henry Carey, repudiating the Ricardian formula of rent, truthfully said that the movement of the increase of the population was not from good land to worse land, but from good land to *better* land. For by reason of these improvements the available land has increased in quantity and utility. There was no land as productive in 1790 as the average field of today.

cultural machinery. If the farmer is now able to produce 15 times as much in the same time with less toil than his great-grandfather, that increase in productive power has been given to him by the labors of cities. Not only is this true historically, so far as the past is concerned; it is also true of the present. For without the continuing labors of cities he would now have no railroads, trolley lines, steamship lines, automobiles or farm machinery, and his wife would be obliged to cook in a fireplace, light the fire by flint and steel and spin the cloth for the family clothing. "Hog and Hominy" would be his principal diet, supplemented by corn meal and sorghum. His dwelling and furniture would be rough logs, and his soap would be the pioneer's "soft soap." He would plough with a primitive scoop, cut grain with a sickle, thresh with a flail and carry his grain to market in sacks on the backs of horses. Hence it follows that fourteen-fifteenths of the increase in the productive power of the agricultural labor being due to the present labors of cities, *fourteen-fifteenths of the actual product of the agricultural labor of the country is now produced by the labors now carried on in cities.* But if the cities now produce 0.933 of the agricultural yield of the country, why does not the urban population increase faster? Why does the agricultural industry lag behind all other forms of industry in the United States in efficiency? There is not a carpenter, blacksmith, paper-hanger, painter or tradesman of any kind who could earn a living if, in efficiency, he did not far surpass the average efficiency of the agricultural laborer. The answer is that the industries of cities pay only *price-lowering rent*, are not subject to the drag of *price-raising rent* and they can invest their capital productively. But with the agriculturist a very large and increasing percentage of his capital

must be unproductively invested or expended (for it is not strictly speaking an "investment") in the payment of rent, or in the price of agricultural land. *In other words, the increase in the productive power of agricultural industry, due to the present labors of cities, does not return again to the cities to purchase the tools and machinery to develop the land and to increase the prosperity of both the rural and the urban industries, but is swallowed up in the utterly useless price-raising value of the agricultural land.*

The same condition exists in all other countries. The cities of Europe have increased in like manner faster than their rural population. There also, as here, the greater part of the yield of agriculture is directly due to the labors of their urban populations.

Here then we have reached the answer to the Malthusian assumption, as stated by Ricardo in 1809:

"If, then, good land existed in quantities much more abundant than the production of food for an increasing population required; or, if capital could be indefinitely employed without a diminished return on the old land, there would be no rise of rent; for rent invariably proceeds from the employment of an additional quantity of labor with a proportionately less return."

Works of David Ricardo (McCulloch), 1888, p. 37.

The "rent" he is talking about is agricultural rent, the fictitious value arising from the withholding of agricultural land from use, not the real rent known to Political Economy as that paid to substitute superior for inferior uses not excluded by THE FALL IN PRICE and THE RISE IN WAGE. But on the "Old Land," both in Europe and in the United States, there has been and is an indefinite continuation of the increase in the application of capital with increasing returns; the yield increases and the area that

is available increases always faster than the ability of the rural population to employ it. Professor Senior, in 1850, pointed out that in Great Britain there were great variations in agricultural efficiency and that great areas of fertile land were wholly unused, so that Ricardian conditions did not, in fact, exist there. In fact, there are now in Great Britain 17,000,000 acres of unused fertile, tillable agricultural land on which could be supported, by intensive culture, by methods now employed in many places, the entire population of Germany, Austria, Great Britain and France. That is, the 17,000,000 acres could be cut up in lots 50x125 feet and glass-roofed gardens made of them, each of which would support 10 persons. Krapotkin made a truck garden of a six-story brick building, 50x100 feet, and by it supported 65 persons for 5 years entirely out of the money realized by the sale of the produce in the public markets of Paris.

The steam engine was invented by Captain Savery in 1698; in 1769 Watt invented the separate condenser which made the engine practically useful, and at the same time the spinning machinery came into use which made the great factory towns of England. Immediately a tremendous demand set in from the new factories for labor, and the peasants of England began to be released from their slavery to the country squires, so that their wages rose first in the cities and then in the country. The squires, still owning Parliament, tried to steal a portion of the increase in wage resulting by raising the price of grain by the Corn Laws forbidding importations of grain. The conflict between the cities and the agricultural land owners raged until the cities became strong enough to compel the repeal of the Corn Laws. The price of a loaf of bread then fell in one day from 25 cents to 5 cents. This was all known

to the founders of the Ricardian system. *There was nothing in their time to suggest to them that diminishing returns was the necessary condition of industry except the political necessity of repressing agitations which might have led to revolutionary movements, and their base servility to the country squires who wanted to steal the profits of urban labor by restricting the importation of food to the urban population.*

3. Political Economy Is The Science Of The Absolute Dominion In The Market Of The Price-Lowering- and Wage-Raising Monopoly By The Final And Absolute Exclusion By Protective Taxation Of All Forms Of Price-Raising- And Wage-Lowering Monopoly.

(a) Increasing returns are necessary to the existence and continuation of all forms of associated production. As all men seek to gratify their desires by the least toilsome exertion, so they associate in production for the purpose of apportioning among themselves the gain that results from association. If, instead of a gain, there was a loss resulting from association, they would scatter. The "centripetal" force which holds them in communities is the attraction of an actual gain. The laws of trade and all association are beneficent natural laws; however selfish or malignant Mammon may be personally he cannot make his profit in the Open Market except by making some sort of a libation to the free spirit of Civilization,—as the Avesta says, "to the Glory none by force can seize." Superficial writers imagine that mere greed, not productiveness, is the source of profits, but the selfishness of business men is merely the motive which prompts them as individuals; it does not preside over the apportionment of the wealth produced. A beneficent moral law presides over this apportionment, viz., the law expressed by the precept: "To him who hath (as a

result of increased production) *shall be given, and from him who hath not* (produced as much) *there shall be taken away even that which he hath.*" Increasing returns, or continuity in improvements, is inevitable in INDUSTRY, because the moral imperfections of human nature cannot be imparted to the beneficent laws of trade. It is otherwise with SERVICE and GOVERNMENT. In INDUSTRY alone continuity of work means increase in efficiency.

(b) *The laws of distribution according to the erroneous Ricardian system of economics adopted by Henry George and the majority of the professional economists.* In 1809 David Ricardo published his "Principles of Political Economy and Taxation." He had been the leading banker in England and was a sort of J. Pierpont Morgan in his time, very closely identified with the governmental policies. He was a clear and forceful writer; the ability, which had brought him into a position of great national trust and authority from a beginning as the disinherited son of a Portuguese Jew, did not desert him when he composed this book. It has been for a century the standard of all academic "Political Economy." It is founded on the assumption that all production is carried on *in the state of diminishing returns in agriculture* by reason of the limited quantity of fertile land and the tendency of the population to increase so rapidly in numbers that recourse must continuously be had to land of diminishing fertility; or, that an increasing amount of labor and capital must be applied to the "old land" with the result that there is a diminishing, disproportionate return from the employment of the additional amount of labor and capital. In either case, there would necessarily be awarded no more to labor and capital than a bare subsistence. The laborer received as (fixed) wages no more than the amount required to sustain him

and enable him to live and reproduce his species;* the "capitalist" received no more than the amount required to sustain him in his labors and replenish his capital. All the excess above this bare subsistence to both labor and capital was taken as "rent." The exaction of rent followed as a necessary consequence of the decline in returns to agriculture in which it was assumed that it was increasingly difficult for each generation to sustain itself. He paid no attention to the industrial functions of cities; they were generally supposed to be mere parasites upon the real productive labor of the rural districts,—given over to luxury, extravagance and waste. This was a superstition inherited from the French "Economists" or Physiocrats who held that the only productive labor consisted of the direct application of the extractive processes,—a very crude and imbecile application of Cantillon's formula that "*All wealth is the product of labor applied to land.*" Under the system of Ricardo, Mill and George, all apportionment of the products of labor is determined by *Agricultural Rent*. George presents, as the true formula of Rent, Mill's restatement of Ricardo's formula, as follows:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."

George supposed that the entire produce of labor is divided into three portions, apparently as three divisions of the total quantity of tangible products, viz., *Rent*, *Wages* and *Interest*, and that the produce of labor is entirely distributed as *Rent*, *Wages* and *Interest*, and that *Wages* and *Interest* receive only what *Agricultural Rent* leaves:

* The Marxian conception of the "proletariat," or "breeders," a term much used by the Socialists as a synonym for those earning Fixed Wages, is derived from this formula.

"Stated reversely, the law of rent is necessarily the law of wages and interest taken together, for it is the assertion, that no matter what the production which results from the application of labor and capital, these two factors will receive in wages and interest only such part of the produce as they could have produced on land free to them without the payment of rent—that is, the least productive land or point in use. For, if, of the produce, all over the amount which labor and capital could secure from land for which no rent is paid must go to land owners as rent, then all that can be claimed by labor and capital as wages and interest is the amount which they could have secured from land yielding no rent.

Or, to put it in algebraic form:

As $\text{Produce} = \text{Rent} + \text{Wages} + \text{Interest},$

Therefore, $\text{Produce} - \text{Rent} = \text{Wages} + \text{Interest}.$

Thus wages and interest do not depend upon the produce of labor and capital, but upon what is left after rent is taken out; or, upon the produce which they could obtain without paying rent—that is, from the poorest land in use. And hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase."

Progress and Poverty, p. 171, 25th Anniversary Ed.

The original Ricardians openly and boldly stated their belief that all production was necessarily carried on in the state of decreasing returns, and upon this doctrine they founded their formula of rent. But, although George denied that decreasing returns was a necessary consequence of the increase of population, he nevertheless asserted that decreasing returns did now, in fact, exist and that they were due to the exaction of Speculative Monopoly Rent. Rent, or "Economic Rent," he defined to be that sort of rent which would be exacted if all land were put to its best use. Then there would be exacted from the user of land the ~~excess~~ of the produce above that which the same application could secure from the least productive land then in use, which would be the best land to be had for nothing.

But, by withholding from use the vast areas of the fertile unused land, the owners are able to extract (Monopoly Rent) the excess above what the same application could secure from the best land under such circumstances to be had for nothing, or land on which only a bare subsistence could be had. Yet, in view of "social progress," there is the prospect of being able to extract more from them in the future; hence there is demanded even more (Speculative Monopoly Rent) than anybody can pay at the present time without a diminishing return, and this,—the exaction of Speculative Monopoly Rent,—is what causes the phenomenon of "Progress and Poverty." By reason of this exaction of Speculative Monopoly Rent the poverty of the masses increases and becomes the more hopeless the more the machinery and methods of production become effective.

Now we can see from the facts set forth in the preceding sections that the statement of Henry George is not true. Labor has not and is not now receiving the full benefit, or anywhere near the full benefit, of the improvements in method which have so greatly multiplied the productiveness of labor during the past century. But wages have greater purchasing power, and the conditions in all industries and the opportunities in all employments are far better than they were at the beginning of the Century, and they are constantly growing better, although at a disappointingly slow rate. We are not being driven to "the jumping off place"; neither are we faced with any Sphinx-puzzle arising from *economic* tendencies. Hence there is not even exacted the Georgian "Monopoly Rent," except, perhaps, in times before panics, when instantly paralysis seizes upon great industries. For the condition of diminishing returns, if it affects at the same time the leading industries, immediately produces a panic and the cessation of all business.

Business can only be carried on in the state of increasing returns.

If, as a fact of universal knowledge, the purchasing power of the Fixed Wages of directed labor, as well as the opportunities of employment, are increasing, then it is clear that rent does not take all above the excess to be procured from the least productive land in use. We find that not only are the returns to the agriculturalists rising,—where rent is the lowest—but that the wages of labor in the cities, where rent is the highest, are rising so much faster that the increase of the population does not flow out at all to the Ricardian “least productive land in use,” but to the most productive land in use in cities where they find better employment, an easier life and more opportunities for diversion. Even the tramps and hoboos come back to the City in winter, where they can live in luxury on 25 cents a day, or less. For the City is Opportunity; it does not knock but once at your door, but all the time it welcomes with open arms the increase of the population and makes a home for them.

In George’s system, even under the most favorable circumstances, the apportionment of wealth is determined by the return to labor under the most disadvantageous conditions. Rent, even under the Singletax proposed by George, is supposed to attach to an increasing area, and to exact all the “excess.” Hence, although the bringing in of the Ricardian “Margin” to better land which could be had for nothing under the Singletax would raise wages and lower prices *for the time the change was made*, thereafter “social progress” (by which George means the Fall in Price and Rise in Wage) could not benefit anyone, since rent would continue to extract the “excess,” and wages would still be determined by the return on the least productive land in

use. If rent continued to do this, and the population was compelled to resort to poorer land (that is, if rent then began to attach to an increasing area) then population would immediately begin to become subject to decreasing returns. (See ¶ 17—Fallacy 5.) As wages would fall, the purchasing power of the day's labor would be less, so that the condition that would ensue would be analogous to that of a Rise in Price with a corresponding Fall in Wage. Hence the rise in the Georgian rent has nothing in common with the economic Rise in Rent which rises with the Rise in Wage and the Fall in Price.

Under the Ricardian and Georgian system all wealth is distributed, therefore, by the *Rise in Price* which apportionments to all a diminishing wage, a decrease in the utility of the opportunities open to all and a *rise in the rent of agricultural land*.

(c) *The Control of the Market and the Two Monopolies.*—The gain resulting from association draws the multitude to share in it, and this gain they seek to divide and apportion among themselves. Those who would seize and apportion this wealth resulting from associated labor find that there are two opposite methods by which they may act; (1) they may *check* production by any sort of an exaction or tribute and compel the payment of a premium for permitting it to go on, or (2) they may *increase* production by improving their methods and by putting forth greater or more efficient efforts.

From the first of these arises that sort of a monopoly with which all are most familiar,—the monopoly which derives its profits from the arbitrary exercise of physical force or legal privilege by means of which it restricts production or competition and *raises* prices. Professor Devas, to whom (with the exception, perhaps, of Proudhon), so far

as I know, belongs the credit of first perceiving this principle of classification, calls monopolies of this sort "Price-Determining" because they determine or fix prices by the legal privilege which enables them to exclude competition. Because monopolies of this sort are a source of irritation, they quickly made themselves felt by the pain of conscious loss, and the word "*monopoly*," as descriptive of the condition where a lesser number than all who are competing in a certain field are able to control and fix prices *by checking production*, has become in popular language synonymous with PRICE-RAISING MONOPOLIES.

As in the state of good health a person is not conscious of his internal anatomy, so the PRICE-LOWERING MONOPOLY does not directly make itself known. Few have thought of the Open Market as a Monopoly, in fact the Open Market is commonly supposed to be the very opposite of all that the word "monopoly" signifies. But, in fact, the Open Market is the tightest kind of a monopoly, vastly superior in power and control to any form of Price-Raising Monopoly. It consists of all those who are engaged in associated production and who, in the act of production, do not employ any other power than their *productiveness*. They do not check or restrict the production and distribution of wealth; on the contrary every act of theirs tends by some degree or other to increase the quantity of wealth produced. The individuals, firms and corporations engaged in competing with each other *by means of their productiveness alone* are not equal in their productive power, nor are the occupations in which they are engaged of equal functional importance. As they do not all alike and to the same degree contribute to the gain arising from associated production they are the "*Differential Factors*," having each their peculiar individual "*Differential Costs*" and realizing in like

manner each their own peculiar "*Differential Gain.*" As a general rule in the same market all similar products bring the same *Price*, consequently where a series of Differential Factors of diminishing degrees of productiveness, A, B, C, D, E, F, and G, are supplying the market, the increase in the productiveness of the superior producers A, B, C and D will cause them to put on the market, already fully supplied at the *existing* scale of prices, a very much greater quantity of goods than was supplied to the market before. The result will be that the excess would be unsalable at the old price; unless there is a Fall in Price the superior producers will be unable to dispose of their excess. But the superior producers will lower their prices just enough to dispose of them; as they lower their prices the other factors are compelled to meet them, and the result is that the entire product of all the factors A, B, C, D, E, F, and G will be sold (or will so tend) at the price which enables the entire product to bring the largest amount. But this is a price which does not enable the factors F and G to recover their "Costs of Production," and so they will be excluded from sharing in any of the gains of the Market and put out of business. The whole of the gain will be apportioned among the superior Differential Factors A, B, C, D and E and the general public, which receives the benefit of the Fall in Price. Now if we consider that all the producers of wealth who are contributing their products to the Market are in like manner excluding inferior methods which cannot recover in Price their differential "Costs of Production," we can let the letters A, B, C, D, E, F and G represent the entire series of producers who at any one time are contributing to the Market, and that of this series F and G are continually being excluded by the Fall in Price. The factors A, B, C, D, E and F, therefore, will be constantly

fixing prices, and by so doing they will determine the apportionment of all the products of labor exchanged on the Market. As they are constantly fixing Price, they determine the direction of the flow of the stream of tangible goods, and they determine that this stream of wealth shall flow to themselves, the Excluding Factors. By their superior productiveness they seize upon and apportion among themselves the whole of the tangible products. The instrument, or function, by which they do this is what has been termed abstractly *Price*, but which when examined is found to be THE FALL IN PRICE. Hence we find that INDUSTRY not only *produces* wealth, but INDUSTRY also *distributes* wealth. In the gravitation which produces the circulation of the tangible products of labor the centripetal force is the primary instinct by which every person seeks to gratify his desires with the least amount of trouble and is always eager to get something for nothing. It may be taken for granted that all men will take whatever they can get for nothing if the thing to be obtained is of utility to them. This instinct is the economic constant, being always the same in all men, and hence price is never an expression of the sense of the "utility" of the thing sold. The price is determined by the variable productiveness of the excluding and excluded factors, i.e., *by the extent of the donation made to the public by the Fall in Price necessary to exclude the marginal producers from the Market.*

Things produced by labor applied to land bring in the Market that Price which enables those superior factors which produce them to exclude the inferior factors and thus to maintain their complete control over the apportionment of all the products exchanged on the Market. The FALL IN PRICE is the donation which catches the trade, the honey in the nectaries of commerce which feeds the vast

associated swarms of industries. Without it there would be no trade, no commerce and no association in production, and there could be no Price, no values and no principle of apportionment. It is for this reason that Price-Raising Monopoly can never drain to the last drop the gain of association, and therefore the nightmare of Marx and George is the result of a Gargantuan feast on Ricardian indigestibles. The vast PRICE-LOWERING MONOPOLY which is the Market, or CIVILIZATION on its industrial side, will work only in one direction,—the direction of increasing returns. When these returns are interrupted we have a panic; business ceases. But INDUSTRY cannot continue except in the state of increasing returns. And when the machinery of production is in operation there is but one method possible to it,—the Differential Factors cannot put forth their utmost efforts to increase production without lowering prices and thereby excluding from all share in the industrial apportionment the inferior and obsolete methods which cannot recover in Price their Costs of Production, so that diminishing returns to inferior methods are the corollary of increasing returns.

THE PRICE-LOWERING MONOPOLY is the vast world of INDUSTRY itself. Wherever there is a little shop-keeper, tradesman or producer of any kind who earns INDETERMINATE WAGE, or PROFIT, he is doing so by maintaining the exclusion of inferior producers who otherwise would, then and there, be employed. Every man who earns Indeterminate Wage by the sale of the products of labor in the Open Market is a price-lowering monopolist, and to a lesser degree every skilled laborer, whose employment excludes less productive laborers, is also a price-lowering monopolist. The better workmen exclude the less efficient and cheaper workmen by their superior productiveness, and Fixed

Wages paid to directed laborers rise only as the less efficient laborers are excluded just as the Profits or Indeterminate Wage of employers' rise only as THE FALL IN PRICE excludes the inefficient producers. - Thus we find that the flow of wealth is always to one or the other of these two sorts of monopoly,—the products of labor can be distributed only to PRICE-LOWERING MONOPOLY or to PRICE-RAISING MONOPOLY. As the two monopolies live together, the PRICE-RAISING MONOPOLY is a parasite upon the other; it is not necessary to INDUSTRY and its values cannot continue unless the PRICE-LOWERING MONOPOLY also continues. As a parasite it diverts the flow of wealth from the differential price-lowering factors and diminishes their wage or profit by arresting the Fall in Price, but its value would vanish the instant the FALL IN PRICE and RISE IN WAGE to the price-lowering differential factors ceased.

(d) *The Economic Functions,—Price, Gross Wage or Value, Capital and the Wages-Fund, Fixed Wage, Interest and Rent.*—As by the Fall in Price (which is Price as an economic function) the superior producers exclude from all share in apportionment the inferior producers and thereby seize upon and apportion among themselves the whole of the products of labor coming to the Market, the stream of wealth resulting from the apportionment by the Fall in Price is *Gross Wage*, or the total sum realized by the pricing of the Market, or what may be termed *Value*. By Price the excluding factors maintain their price-lowering monopoly, or the Market, and the control they wield by it is *Wage*. Wage first appears as the total selling value of the product, which includes in it all the costs of production as well as the Net Profit, Net Indeterminate Wage, or the Wages of Superintendence. Thus in the costs of production will be included payments for material, Fixed Wages, Interest and

Rent, as well as all forms of tribute or blackmail levied by any price-raising privilege. None of these items of expense or profit are estimated, or can be estimated in the terms of the tangible product itself. There is no possible commensurability between *value*, which is the power of controlling the apportionment of the tangible products, and the *intrinsic qualities* or *utilities* of the tangible products. The *value* of the products of labor is therefore something to be distinguished from the tangible product. That is, the labor which produces tangible articles of wealth by subjecting the natural media, or land in the economic sense, to the impress of a character which makes a natural force or substance available to human use, does not produce that tangible product alone. Besides the tangible product, human labor in association applied to land also produces an immaterial and intangible product, viz., *the price-determined control over the apportionment of this tangible product*, or Wage.

The control over apportionment, when price-determined, is always beneficent; it can never be exerted without lowering prices and raising wages. It is in itself the primary form of Wage; out of it flow all other sorts of wage and wage-funds. It is the primary Wages-Fund, the imperfect perception of which has perpetually tantalized Professor Taussig of Harvard. When this price-determined control is exerted productively it is Capital. When it is apportioned to directed laborers as their share it is Fixed Wage. When it is apportioned to capitalists, as a stipulated or liquidated compensation for the loan of credits, it is Interest, and is the compensation paid to them for performing a necessary, industrial, judicial act. For the would-be borrowers A, B, C and D alike seek credit from the capitalist. If D gets it, that credit will be squandered; the capitalist will not get back his loan, neither will the public

receive the Fall in Price or the Rise in Wage which would be the result of the efficient employment of that credit. If C gets it the capitalist may get back his principal, there will be but a slight prolongation of the struggle between C and the more efficient producers B and A, with little benefit to the public. If B gets the credit an existing efficient use will be maintained which by excluding with a greater Fall in Price inferior methods will command the higher wage that will ensure its ability to pay back the principal and the interest. But, if the credit is given to A a vastly superior use will be introduced from which will result a much greater Fall in Price and Rise in Wage, as well as an adequate return to the Capitalist. By the act of selecting and rejecting among the competing uses the capitalist performs a necessary industrial act without which there could not be the maximum Fall in Price and the maximum Rise in Wage. Hence the capitalist earns his interest and is a useful laborer just as much as any other industrial factor. But in a certain sense the capitalist performs an act of even greater significance and utility to Industry than the acts of those who carry on the direct work of production. For the capitalist, by the selection and rejection of methods to which he awards credit, *is determining the direction of industrial growth*. He is the judge of industrial or "Business Policy" and wields all the powers of Industrial Government. In assuming this office the capitalist gives his "bond" for the faithful performance of his duties to society, if he makes a mistake he loses his "pay," his wage or interest; or, if he makes a great mistake he not only loses his wage but his capital and his "job" as well. If, for their small mistakes (to point out an analogous case) the judges of our courts were penalized in fines for their occasional bad judgments; or, for their greater ones obliged to

take their victims' places in the penitentiary, the situation would be similar. When the medieval mind questioned: "Can money breed money?" the question discloses a fundamental fallacy of the public that is always coming to the surface. What the capitalist is loaning is not really metal disks with certain mystic governmental stamps upon them, or pieces of paper with certain written or printed marks upon them, but he is advancing to another to employ some part or allotment of the price-lowering control over the apportionment of all the tangible goods apportioned in the Market. He is not loaning a "saw" or a tool or some of the reproductive forces of nature. He is selecting out of the army of producers some little or great general who may cooperate with others in maintaining the price-determined control. If the method, or "general," selected is efficient there will be an increase in the tension of the price-determined control,—that is, credit efficiently used will "breed" credit.

In the process of maintaining the price-lowering monopoly, certain inferior methods are excluded by the FALL IN PRICE. Those which remain are not all of equal efficiency, and many of these are excluded by THE RISE IN WAGE. That is, an existing method, suffering from the FALL IN PRICE and experiencing a decline in wage, will suffer a loss of credit, and thereby be excluded; although otherwise it could have survived for some time. It will not be able to obtain capital; it will not be able to obtain proper help, or to meet the advancing expenses required for labor, for advertising or other increasing costs of production. Or again, the man controlling this sort of a business may himself reject his old method and learn the new and better way of conducting the business which the Rise in Wage of his rivals has forced upon him.

The process of exclusion first eliminates those who are rejected by THE FALL IN PRICE and THE RISE IN WAGE. There remain a number of industrial factors of varying efficiency competing with each other. Their competition has two sides to it. In one phase of their relations they are rivals, for each of them struggles to seize as much as possible of the whole product or control over cooperation and none of them lower prices any more than by the amount which is sufficient, at the current level of prices, to exclude from any share in apportionment the least efficient factors. But, as their unwillingness to lower prices beyond a certain point limits their power to exclude, all those who can recover a profit at the current prices above their costs of production, participate and cooperate with each other in maintaining the price-lowering monopoly,—that is, they are really co-operating partners to a certain extent. The dead-line is the price-line,—all on one side of it cooperate at the instant any particular profit is made, but the oncoming of superior methods is constantly pushing the older or inferior methods towards the dead-line. Because the competing factors, while they are “in the game,” are to this extent co-partners and assist and benefit each other, there are certain gains and advantages to be had from being near to each other whereby the saving in time and in cost of material and repairs and other incidental expenses are available. As the productiveness of the excluding methods increases, the gains to be derived from this advantage of juxtaposition also increase. There are a limited number of the excluding uses or methods; that is, there are far more individual laborers than there are those who earn Indeterminate Wage or the Wages of Superintendence. These differ among themselves in productiveness far more than the individual laborers can differ. As out of these competing industries

there arises this struggle for the choice locations, the utility of the best locations will be the greatest to those who, by reason of their greater productiveness, are producing the greatest Fall in Price and Rise in Wage. Out of their greater Wage the superior producers or industries tender the price of exclusion from the choice locations. They tender no more than the price of exclusion, just as they lower price by the Fall in Price no more than enough to exclude by it. This payment is made out of Indeterminate Wage as a cost of production, *that is, as a price-lowering and wage-raising cost of production*. This expenditure is Rent, and it is not "an element of price," *that is, it is not price-raising*. Rent as an economic function is never paid, or never appears, except as the payment necessarily made to exclude inferior methods for the sole purpose of maintaining the price-lowering and wage-raising monopoly. To the one who pays it, Rent is merely a cost of production. But it is in its nature different from those costs of production made for material and for labor. *First*, it is the last, or final, payment made to exclude inferior methods, and thus determines to a *visible* nicety just what the industrial tension is at that point. Prices of material and wages paid to labor do not have the publicity that Rent has. By the Fall in Price a certain value is made *common*; by the Rise in Wage a certain value is *apportioned, or made private property*. But by the Accrued Increment of Urban Sites a certain value is standardized, or made *public* as a payment necessarily made to maintain the past exclusion of obsolete methods. For this reason it "piles up on the place," as Quesnay said; it is not distributed by the natural law which makes part of the value common in the Fall in Price and a part apportioned by the Rise in Wage. By the necessity of this payment the various competing meth-

ods are placed in the positions of symmetry determined by their relative productiveness with reference to the most productive factors, and by it a standard is maintained for all values and prices. Contrary to the position assigned to it in the Ricardian and Georgian scheme, Rent does not *restrictively* control the apportionment of the proceeds of labor, *but it standardizes all values by measuring the exact tension of the price-lowering control, something that neither Price nor Wage can do.* Secondly, Rent performs another commanding function which is analogous to the mysterious function of the heart, arteries and veins which perpetually maintain the circulation of the blood, and thus make possible the life of the highly organized, multicellular being. There is a mysterious pathological state of the body, culminating in the so-called "Black-Death," in which all the blood runs out of the arteries into the veins. As the arteries are always fully distended with blood, while the veins are never, in health, more than one-third filled, it is possible for all the blood in the arteries, under certain unknown conditions, to flow into the veins and stay there, *so that the victim will bleed to death without losing a drop of blood.* This function of Rent is the act which, by exacting the huge and increasing price-lowering payments by the most productive uses for the purpose of excluding inferior uses of urban sites, powerfully reacts along the converging channels of INDUSTRY, where by the FALL IN PRICE the products of labor are made to circulate until they reach the ultimate consumers. The whole arterial and venous system of Industry waits for this great heart-throb which generates and communicates powerful accelerating impulses to it. By this function Rent, although not controlling by inhibition, in the Georgian or Ricardian sense, the apportionment of all wealth, is yet the most potent *single* factor,

other than the superior industrial functions, in stimulating the FALL in PRICE, RISE IN WAGE and increase in the number and utility of the opportunities open to all. In and by this function INDUSTRY is related to GOVERNMENT, and it is through and by it that GOVERNMENT will act when by the SINGLETAX it produces the maximum FALL IN PRICE, RISE IN WAGE and RISE IN RENT. This characteristic of Rent, by which it is closely connected with the functions of GOVERNMENT, first appears in the established demarcation between the ACCRUED INCREMENT and the ACCRUING INCREMENT, or the RISE IN RENT. The owner of the choice location, or the existing established use, must either continue as before, in the progress of industrial methods, to make use of the site; or he must select out of a number of competing uses the one to whom the use of the site will be assigned. In this he is like the capitalist who selects and rejects among the competing uses the ones to whom credit will be advanced. The landlord seeks to find the use which can with certainty pay the highest rent, and, among the price-lowering competitors this one will necessarily be the one which can distribute the greatest Fall in Price and appropriate the greatest Rise in Wage. But the capitalist is contributing an allotment of the price-determined control that has been apportioned to him by the Market and which is his own private property; the landlord is dealing with a public form of property. The landlord, by exercising the greatest intelligence and foresight in promoting the use of his sites, will greatly contribute to the Rise in Rent so that each increment of the increase as it rises may be said to be the result of the work of the landlord, and may be claimed by him as his wage. But the landlord can not, and does not, sustain the value that rises; the increase in productive power of the competing factors

which maintains the firm substratum for the successive increments of the increase in Rent is due to the dissemination of industrial improvements made common by the Fall in Price of past excluding methods. *That is, the Rise in Rent is primarily sustained by that which is made common by the Fall in Price.* Hence if an attempt is made to appropriate both the Accrued and the Accruing Increment, by exacting a withholding charge for the use of all land, the Fall in Price will be checked and the Rise in Rent will be retarded and the landlord's income as a promoter of the best uses of the sites will be diminished and the speed of advance of the oncoming superior methods which will tender the maximum Rise in Rent will be retarded. The landlord has another partner, the GOVERNMENT, *as the supreme coördinating factor in maintaining industrial functional control*, without whose assistance the landlord is of little use to himself or to the community. (See ¶¶ 9, 10 and 11.)

(e) *The Functional Control of INDUSTRY.*—Thus we perceive that in the state of increasing returns, or any state outside of a perpetual panic, the producers of superior efficiency maintain the primary control over apportionment by THE FALL IN PRICE, RISE IN WAGE and RISE IN RENT. As Rent is always a price-lowering expenditure, the Rise in Rent is always accompanied by a Fall in Price, a Rise in Wage and an increase in the opportunities open to all. As all industries thus increase in their productive power and earnings, some of them exert more price-lowering, wage-raising and rent-paying power than others (for these are the Differential Factors), and we find that not only do they differ among themselves in their *individual* powers, but also in their *functional* powers.

Functional differences are vastly greater than mere individual differences. It was because Rockefeller and Car-

negie applied themselves to the mastery of industries of the greatest *functional* importance that they have become kings and masters of men. Many other men with equal application and with equal personal ability have attained only moderate success because of the natural limitations of their chosen field of effort. Some industries, as a consequence of the results of their work, exert a control over the function by which great groups of industries are conditioned, so that price-lowering efficiency in these particular controlling general functions is of enormously greater benefit to society than the others of less functional importance, and therefore the Market awards to the masters of the superior industrial functions its royal wage. Functional control is not personal; it is not negatively restrictive. It rules by a superior benefaction. In its primary form functional control is exercised by the City as it rises in the midst of the agricultural plain and gathers into its trained army those who increase and multiply the efficiency of all the extractive processes. All industrial progress has a moral end, that is, it is purposive and seeks absolute dominion over nature. The Market does not reward toil or painful effort, as such, *but the work that increases general efficiency*. In this way the Market displays an instinctive intelligence peculiar to itself and pursues an end far beyond the immediate production of the tangible goods. It guides by functional control the assembling industrial factors and shapes them into groups and separate industrial organs, just as the cells of the growing embryo come into the positions of symmetry which form the integrating centers for the future organs of the adult body. There is a Principle of Form in Civilization, manifesting itself in the industrial development as in other things, by which out of many factors pursuing their own individual ends and consciously purposing nothing

beyond that, are made unconsciously to serve a common purpose as they build up the body of the industrial Leviathan which will one day abolish Price and place in the hands of all men the final lordship and mastery over nature.

(f) The Function of Defensive Price-Raising Privileges.

—While the several factors which employ their productiveness alone control the apportionment of all the products of Labor by Price, that is, by the Fall in Price, they cannot meet by the Fall in Price that sort of rivalry which does not seek to overcome them by superior productiveness, but by restricting production. Those who restrict production necessarily decrease relatively the quantity of wealth produced either by fraudulent appropriation, by force or by legal privilege. They compel payments to be made to them which are not "economic" or in any way necessary to production itself, and thus they interfere with the price-lowering control of the productive factors by raising prices, *while the other can only control them by lowering prices.* It is therefore necessary that the excluding factors be supplemented in their price-lowering control by acts of GOVERNMENT *which alone can exercise the restraining power which excludes restrictive interferences with the price-lowering control.* GOVERNMENT has from the beginning thus prevented or sought to prevent common robbery and similar crimes against "property" or industrial rights, and it has abolished slavery in many forms. In addition to these familiar acts of its ancient guardianship, modern governments have also attempted to fence off INDUSTRY from exploitation by the invisible, mysterious and unclassified power, producing industrial "Black Death," which constantly tends to impair the purchasing power of the Market and to protect and guard the Market from those periodical interruptions of the state of increasing returns which we call

"panics." This protection GOVERNMENT has attempted to give by the system of "Defensive Privileges" which act on the principle of a counter-irritant to purely Predatory Privilege. Defensive privileges may be likened to the horns or weapons of herbivorous animals by which they protect themselves from the carnivorae, while the predatory privileges may be likened to the weapons of the carnivorae. Both are fighting implements; but the one eats the thing he kills and the other does not. *Defensive privileges are always attached to useful and necessary occupations of controlling functional importance, and by them the superior industrial functions are enabled to maintain their control over the price-lowering apportionment of the Market by draining the dependent industrial functions of the fund that otherwise purely predatory privileges would take away from them.** They enable the superior industrial functions to maintain their functional control of the Market, and it has been found that they produce a relative FALL IN PRICE even while they are actually raising prices. This is one of the mysteries of the PROTECTIVE SYSTEM to which in some degree or other every business man in the United States is committed. It is their experience that they can sell more goods when prices are *rising* than when they are *falling*. Hence, in 1896 the Democrats proposed to produce prosperity and rising prices by depreciating the value of the dollar; the Republicans *by arbitrarily raising the prices of the products of the industries of the greatest functional importance.*

*The chief examples of Defensive Privilege are the Protective Tariff and the Railroad tolls. The Railroads are capitalized far in excess of their original cost, but they cannot increase their *volume* of business unless they can raise their rates. This they have now discovered, and the demand for an increase in freight rates is based on the fact that a rise in these rates checks speculation in agricultural land and encourages the *use* of the land. Hence the increase in rates stimulates business.

The Republicans won, and the McKinley Tariff produced an immediate restoration of business prosperity. Later on, the discovery of new methods of smelting gold, which is as a metal given "free coinage," caused a greater depreciation in the value of the dollar than even "free and unlimited coinage of silver at 16 to 1" would have done, so that the benefit of the McKinley Tariff was largely neutralized; *but it was also found that the mere general raising of prices by the depreciation of the value of the currency was not the road to prosperity.* Prosperity comes from rising prices only when the Rise in Price protects and nourishes those controlling industrial functions on whose vigor and well-being all other industries are dependent. To effect this by the rise in price artificially produced by *Defensive Privileges, the latter must always operate selectively upon the businesses of controlling functional importance so as to cause a stream of credit to set in towards them and in the opposite direction from the flow to purely Predatory Privilege from the depleted dependent functions.* But the purely Predatory Privilege does not have to make anything or perform any industrial act whatever, and it exacts a tribute for permitting useful labor of any kind to employ itself,—*its pressure is not exerted to exclude inferior uses for the purpose of substituting superior uses, but it exerts its power to exclude all uses indiscriminately.* Thus, indirectly the amount exacted by Defensive Privilege is taken away from Predatory Privilege, and not from the apparent victim, the "consumer" who pays an enhanced price for a product of the superior industrial functions. By robbing the intended victim of Predatory Privilege before the latter can get to him Defensive Privileges (when applied on a universal scale to the whole of the industries of a Nation) *tend to produce a relative fall in the exactions of Predatory*

Privilege, a relative *Fall in Price* and a relative and actual Rise in Wage, although they necessarily produce an actual rise in price, *but which is associated with a depreciation in the value of the unit of price, or the "dollar."* But, on the contrary, the policy of the "Low Tariff," or spurious "Free Trade" advocates, abolishes or weakens these defensive privileges and the controlling industrial functions are exposed to the depletion of their market by Predatory Privilege, so that the resulting actual *Fall in Price* is not followed by a *rise*, but by a *Fall in Wage*, showing that the apparent *Fall in Price* is relatively a *Rise in Price* and that the products of labor have become dearer and not cheaper, for it is always *wage*, or the price-determined control over apportionment, which measures all values. The laborer without a job or money is not benefited by low prices in a state of society where his unfortunate condition will always be produced by falling prices. On the other hand, the laborer whose only experience with prosperity is that it is associated with rising prices will not object to them if an actual increase in the purchasing power of his wage comes with them. Price-raising privilege being absent, every *Rise in Wage* comes out of the *Fall in Price*. But the *Rise in Wage* thus produced is determined by the *Superior Industrial Functions* which control the excluding methods lowering price and apportioning wage. If the *Rise in Wage* is then drained from the dependent industrial functions by Price-Raising Privileges *not attached to the Superior Industrial Functions*, the latter will lose their market, and, of course, will not exert their functional control. Industrial depression will then ensue, financial dry rot and panics. If then Defensive Privileges are attached to the Superior Industrial Functions they will be able to appropriate by the *Rise in Price* thus produced what Predatory Privilege would

have taken. This will give a spurt of prosperity to the superior and dependent industrial functions until the prosperity of the latter again exposes them to exploitation by Predatory Privilege as the increase in production—producing a relative Fall in Price—neutralizes the defensive check. Hence we have these periodic depressions and periodic spurts of prosperity. The defensive privileges must increase their tension to maintain their hold on their market as the market grows stronger,—otherwise improvident investments of the incompetent and the useless rising value of agricultural, mineral and forest land will absorb the increasing purchasing power of the dependent industrial functions.

Because the defensive privileges of the American Protective Tariff System and the interlacing system of similar privileges which are associated with it are directly based upon the principle of functional relationship and control, they are to be sharply distinguished from the mere money-trapping restrictions of the primitive French Merchantilists, who by them destroyed the industries of France in the early days of Louis XIV. The great increase in trade and commerce resulting from the discovery of America and the route to India by way of the Cape of Good Hope produced a great demand for bookkeepers and accountants. To meet this demand the universities of the time instituted schools of bookkeeping and “business courses,” and the adepts of their immature speculations became the “Merchantilists.” The accountant or auditor is always balancing his books; the monetary expressions of the history of the transactions he records naturally suggests to him that the object of all trade and commerce is to get possession of as many as possible of the current price-tokens which we call “money.” The mysterious immaterial reality, the price-

lowering control over apportionment, which the money represents and counts for us, was as unintelligible to these primitive accountants as, under somewhat similar conditions, "capital" is a mystery to the Ricardians. Business to the Merchantilists was the trapping of money; anything which would show a favorable balance looked good to them, and diversions which would produce this favorable balance were found to be possible by indiscriminate trade restrictions. Kings, princes and governing bodies at this time, under the guidance of the "Merchantilists," attempted all sorts of restrictions to keep the money that was in circulation from going out of the country. They trapped it by innumerable devices by which on all sides the life blood of commerce was tapped, sluiced and drained out of the natural channels of industrial circulation until the industries of France were ruined and the Revolution was brought about. The "Economists," or first expounders of the science of Political Economy, now called "Physiocrats," saw the injustice of these trade restrictions and advocated absolute freedom of trade to be accomplished by the abolition of all trade restrictions. Neither the "Economists" nor the Ricardian "Free Traders" who came after them, however, grasped in any manner the principle of FUNCTIONAL CONTROL of dependent industries by the supreme industrial generating functions as HENRY CAREY did, who founded the American School of Protection. Henry Carey's system is not unlike the political economy of OLIVER CROMWELL, who, by "The Shipping and Navigation Act," forced the investment of what would otherwise have been idle and useless capital in the building and navigation of ships, which for English industries was the supreme generating industrial function in his time, and thereby built up the industrial and imperial empire of Britain. In an analogous manner



BISMARCK, by his technical high schools, created modern industrial Germany.

Thus we see that by attaching *defensive price-raising privileges* to the industries of the greatest functional importance a portion of the fund that would otherwise be absorbed in the unproductive and useless value of non-urban lands is made to turn the wheels of *Industry* before it is lost. By these defensive price-raising privileges *we burn the barn to roast the pig*; but we do get some excellent roast pork in that way. Nevertheless, there is a better way. *It is not necessary to employ these price-raising restrictions.*

(g.) *The Democratic Direct Tax Under the Constitution, —The Limited Single Tax.* The Democratic party has always been opposed to *price-raising privileges*, and has waged many a campaign against the High Tariff and other forms of the defensive price-raising privileges with which the industries of the greatest functional importance harness themselves for war upon the poverty-producing enemies of the Market. In their opposition to price-raising restrictions *in the abstract*, the Democrats and "Free Traders" of the Manchester School have been right; but, because they did not understand the effect of these particular defensive privileges when attached only to the industries of the greatest functional importance, they have been wrong in their practical judgments as to the consequences of such taxes. For the vast body of farmers, the excess of whose products must be sold at a price fixed abroad, *the Tariff on farm products* is, of course, of no benefit. But, nevertheless, the system which has developed the industries of cities has increased the purchasing power of the "Home Market" to the farmer and reduces the quantity which must be marketed abroad.

As has been shown, the value of the non-urban land of the United States is due to two things:

(1) The withholding from efficient use of nearly five acres of land for every acre that is efficiently tilled, and similarly of 5 mines for every one worked.

(2) The vast increase in the efficiency of non-urban labor by the introduction of the implements and machinery—including transportation improvements—invented and continuously manufactured by cities.

Hence it is primarily the increase in productive power of the non-urban lands of the United States arising from the successful exploitations of the industries of cities which has made it possible for a selling value to attach to the non-urban lands *in spite of the vast area which the railroads have made accessible*. The defensive price-raising exactions of the superior industrial functions which Public Policy has permitted divert a portion of the rising wage of labor from unproductive investment in non-urban lands to these controlling functions, and the resulting betterments increase the productiveness of non-urban labor. *Hence by imposing this mild indirect tax upon non-urban land values it has been found that these values rise most rapidly*. This fact gives to the Democrats an opportunity to steal from the Republicans the strong support of the great industrial interests without retracting or modifying their former hostility to indirect and price-raising Tariff charges.

Experience has shown that Carey's system of Tariff Protection works. The people of the United States will never again follow a TILDEN or a CLEVELAND in a mere *negative* attack on the Tariff. The work of those great campaigns of the past will not be undone, and the verdict of the people as to the particular issue decided on the mere question of *High vs. Low* Tariff will stand. But if the Federal Government should impose a direct tax upon the

land values of the nation, to be apportioned to the States according to their populations (as required by the Constitution), for such amounts as the deficiencies of the revenue derived from the present Tariff require, the Income Tax could be abandoned, and the tax proposed would actually increase the selling value of all improved farms and urban property. Such a tax would not be great enough to break up the practice of withholding vast tracts of non-urban land from use, but it would compel weak or wholly unproductive holders to sell. The benefit to be derived would increase the value of other lands and affect the general condition of INDUSTRY just the same as the tightening of the Tariff System would do. But it would not involve the waste and expense of the burden of indirect taxes. It would merely throw to the whale of our necessities enough of the "Jonahs" on board to placate the monster.

Thus, although the UNLIMITED SINGLETAX would destroy the selling value of all non-urban lands, the LIMITED SINGLE-TAX would increase that value. It would be shifted to the increased prosperity resulting from the prevention of the withholding of useful areas by weak or wholly unproductive holders. Among the *Speculative Differential Factors*, the weak ones would be sacrificed as were the owners of the unimproved urban tracts by the increased cost of building when the McKinley prosperity set in.

Hence, as the only sort of literature approximating to a "science" that we have which has ever attempted to define or set forth the necessary acts of GOVERNMENT, by which GOVERNMENT coöperates with the excluding and superior industrial factors in maintaining their functional control over apportionment, and which as a literature has set forth a program which has been incorporated in the Public Policy

of the United States, is that literature which has advocated the PROTECTIVE TARIFF. In so far as we have any "Political Economy," it is that. But it is exceedingly crude, and the reasoning of the industrial Taurus has not been of the highest order. But it has been the best there was. *Political Economy, therefore, is the science of PROTECTIVE TAXATION and other necessary forms of INDUSTRIAL PROTECTION.*

4. The System Of Defensive Privileges Now Maintaining The Industries Of The United States Is An Inchoate Form Of The Singletax.—The credit of the industries of the United States, the increase in purchasing power resulting from new inventions, is ultimately lost in the vast morass of the useless value of the agricultural, mining and forest lands,—that is, in the value of the NON-URBAN LANDS. The system of Defensive Privileges protects industry because it forces a portion of the credit or purchasing power (which otherwise would immediately be wasted in betting on this great national game) to travel a long and circuitous course in some sort of Useful Work in the superior or controlling industrial functions which, by the consequences they produce, exert a constructive price-lowering and wage-raising control over the apportionment of the products exchanged on the Market. After this diverted capital has been sluiced about this way it finally falls into the Morass, and hence the Tariff has to be raised from time to time. For no schedule can be fixed which will continue to provide the same stimulus, *unless the exactions of the Tariff are made to increase, it does not continue to protect.*

Let us suppose that the industries of supreme generating functional importance, commonly called "The Trusts," or "The Interests," were to have their way, and that Rockefeller's lieutenants were commissioned to run the country,

but compelled to continue to operate as they do now, only on a scale of greater freedom from interference by "Inter-State Commerce Laws" and the threats of the Federal Courts. They would immediately raise freight rates and discriminate against both domestic and foreign competition and thereby proceed to make the "Agricultural Implement Trust" something more than a "dream." Inasmuch as the cities now are suffering both from the high price of food and from a general industrial depression (exclusive of "war industries"), the "Trusts" could not hope to increase their sales to the cities of any products controlled by them by raising prices to the cities generally. But the farmer is now getting \$8.00 for beef on the hoof for which 25 years ago he was lucky to get \$4.00, and otherwise he has been so prosperous recently that the value of his land has nearly doubled. They would immediately raise the price of lumber, wire, binding twine and agricultural implements and make this advance in the price of these things to the agricultural interests universal throughout the whole country. This arbitrary advance would be directly taken out of the speculative or selling value of the agricultural land, so that in the first instance the value of the agricultural land would fall exactly and to the same extent as the price of the necessities to be purchased by the farmers went up. It would cost a man more to put a farm in working order than before, but it would cost him less to buy the land, and hence the "trust" would sell as many of its products at the new and higher price as it formerly did at the old or lower price. Finding that it would be possible to "gouge" this market, the "trusts" would raise prices on the farmer again with the same result: they would sell just as much as before. But, having diverted in this manner certain capital otherwise available to buy land, the

price of the land would fall just that much. Possessed of ample power, and with a consciousness of absolute security, the "Trusts" would mine deeply into this rich vein, with the inevitable result that, as they diverted more and more of the capital which otherwise would have bought land, the value of agricultural land would be steadily forced down. As there are five acres of fertile land for every acre of land that is effectively cultivated, when once the value of this enormous area of land began to fall, and it was universally recognized that no power could stop the exaction of the "Trusts," a "panic" in agricultural land values would ensue. The unused agricultural areas of fertile and wholly unimproved land amounting to 871,000,000 acres, an area 24 times the size of the State of Illinois, are held out of use solely because it is believed their value is rising. And by holding them out of use, the improvements which increase the productiveness of agricultural labor and which bring remote lands nearer to the Market, cause the lands to become more valuable. But this value (resulting solely from a purely predatory price-raising privilege of withholding untaxed land from use), being preyed upon and in the process of destruction by a more powerful monopoly, would collapse like the bubble that it is. If it was generally understood that the value of agricultural land was declining and would every year be less by reason of the increased exaction of the "Trusts," every holder and owner of unused agricultural land would hurry to sell and dispose of all land which he could not use. Thus the 871,000,000 acres of wholly unimproved and unused fertile agricultural land would be thrown on the Market to be disposed of immediately for what they would bring. This would mean that the selling, rental and taxable value of agricultural lands would wholly disappear from all except a very small portion

which would be able to command a diminishing rent for a limited period.

During this process the "Trusts" would be pumping the value out of the agricultural lands; as soon as the general nature of the pressure became known to the public, the value of the land would go down faster than the arbitrary exactions of the "Trusts" forced up the price of its products. During this process the purchasing power of the agricultural industry as a market for the products of the "Trust" would increase with every advance in the price of the products of the "Trust" by the exact amount that the speculative fall in price of these lands exceeded the exactions of the "Trust." But when the price of the land had fallen to zero, then every future successive advance in the price of the products of the "Trusts" would be followed by diminished sales and profits. *Here then is the goal of all defensive privileges; the defensive privileges employed by the "Trusts" wage war upon the fictitious value which the withholding of agricultural land from use causes to attach to it, and therefore are inchoate forms of the SINGLETAX. When they have arrived at that goal they must be supplanted by THE SINGLETAX in order to continue the process of protecting INDUSTRY.*

5. With The Vast Increase In Value And Stability Of The Securities Of The Industries Of Controlling Functional Importance Agricultural Land Values Would In Time Disappear.—There must inevitably come a time when the capital or purchasing power now uselessly attaching to the titles to agricultural land will be elsewhere employed and the farmer will till *fertile but valueless* acres. The money that is invested in agricultural land can bring no other return to the owner than whatever rental and increase in value the land commands. There is more fertile land

within the boundaries of continental United States than the agricultural industry will ever be able to wholly utilize in tillage, and the improvements in method which accompany an increasing investment of capital will reduce the proportion of the used to the unused area. Thus at the present time the area that is improved and cultivated (taking the report of 1909) of the tillable land is 479,000,000 acres, an area equal to the area of 13 states of the size of Illinois. But, according to the 1909 Report of the Department of Agriculture, the crop raised on that land was about one-half of that which would have been produced by farmers of "average" efficiency, according to the expression used in the Report. If, therefore, these farmers could be taught how to farm and were supplied with sufficient capital to equip their farms adequately, the area cultivated would be diminished, perhaps by one-third, while the yield would be doubled. Whatever tends to increase the efficiency of agricultural labor tends to increase the available area by reducing the area required to be used. This would not of itself reduce the selling or rental value of the land, but it is something to be remembered. But as more secure and remunerative forms of investment are made accessible to all, the fund that will be available for investment in these lands will diminish,—*the market for these lands will fall off as the savings of the people become more and more invested in the bonds and stocks of the great industrial enterprises of the controlling functional importance, and less and less in agricultural land as a speculative investment.* If you want to sell a piece of land you must have an abstract; this title must be examined and much delay occurs. At the same time there is no immediate market for most of the land; unless you catch a buyer in the immediate mood for buying you will have to sell the land always at a sacrifice. There

is no current market, no daily quotation on the price of land. Its value also has a mere local reputation, and the securities evidenced by land-titles have no generally accepted and ascertained market value. This is not the case with the listed stocks and bonds of the great corporations. So long as the values of these corporate securities are fluctuating and uncertain; so long as their market values are juggled with by speculators influential enough to affect them; and, perhaps, so long as the great multitude of "pikers" are permitted to gamble their savings on "margins," it will be impossible to drain the vast morass of agricultural land values of their contained \$40,000,000,000 other than by the rising pressure of the Defensive Privilege of the "Trusts" or by the SINGLETAX. But the immense increase in the power of the financial magnates has brought to them an increase of responsibility; none of the great financial powers of today would dare to play havoc with the Market as the early ones did. It is to their interest to maintain business prosperity and the stability of all credits and values, and to give to their best securities an ever increasing stability of value. There is now about \$20,000,000,000 invested in the better class of these securities which are almost always convertible into cash in any market of the country; securities which pay a better return on the money than investment in agricultural land, and which are practically untaxed except as their owners are reached by the Income Tax. This fund is growing faster than the value of the agricultural land; it develops with great rapidity with any general spurt in industrial prosperity. With the stabilization in the minimum value of these securities their substantial increase in value will greatly exceed any possible increase in the value of agricultural lands. As a speculative investment they

will command more and more of the capital now invested or seeking investment in these lands by way of purchase or mortgage. As this fund increases to such proportions that it is able to employ more and more of the capital now "invested" or "staked" on the estimated rise in the value of agricultural lands, the amount of capital seeking the chance to bet on the rise in the price of these lands will fall off fast enough to begin to produce a gradual fall in their value. When this fall in value once sets in and becomes universal, and is recognized to be such, speculation will destroy the value of these lands. That value is only maintained by the universal knowledge of the fact that it is rising as a consequence of increasing returns and the withholding of idle land; it has no real or necessary existence, and is only a bubble.

6. The Value Of Urban Lots Is A Real And Necessary Economic Value Resulting From The Substitution Of Superior For Inferior Uses.—While the value of agricultural land arises from the accident that five-sixths of it is withheld from efficient use, and that by this restriction in the state of increasing returns a price-raising monopoly gives a value to it, such is not the case with city lots. The value of the city lot arises wholly from the substitution of uses. The superior methods which maintain their control of the apportionment or pricing of goods in the Market, do so by excluding inferior or obsolete producers from the Market by the FALL IN PRICE, the RISE IN WAGE and the RISE IN RENT. The excluding methods, seeking the maximum Wage which is the control of the apportionment *by Price* of all the tangible goods exchanged on the Market, voluntarily and out of their superior power of productiveness, lower Price just enough to exclude those methods which, by their exclusion, will give to them the maximum

Wage. In like manner the excluding methods, seeking the savings in time and other advantages of position, tender for the use of the choice locations merely enough to exclude the inferior competing use. They do not tender any more than enough, and what they tender they offer for the purpose of profiting by the payment itself. The blacksmith can employ the farmer's cabbage garden much more efficiently than the farmer can, if the site is suitable to the uses of his shop. The amount that he would pay to the farmer would, in the first step in the formation of a village, be determined by the value of the lot to the farmer and no more would have to be paid than enough to induce the other to profit by the trade. In time other uses in like manner exclude the blacksmith as the village grows into a city. In the city are a limited number of uses of high efficiency; for the city itself there are an infinite number of lots since the continent extends on all sides around it. But the number of uses which will profit by paying something to exclude an existing use is limited and beyond the margin where the competition of such uses extends urban values cannot go. If the superior method did not exclude the inferior method the farmer would still be raising cabbages in the heart of the city, and the citizens both of the city and elsewhere would be deprived of the benefits to be obtained by them from the FALL IN PRICE and THE RISE IN WAGE derived from the superior methods which would give them cheaper goods and more and better opportunities for employment. The payment which excludes inferior methods from choice locations is a price-lowering and wage-producing necessity, and the exaction of that payment for the use of choice locations is a necessary industrial judicial act. The rent of urban lots is a necessary phenomenon of price-lowering monopoly and therefore is a real and not a ficti-

tious value as all price-raising monopoly values are. The value of urban lots, or urban rent taken as a whole, will necessarily rise with the increase in the productive efficiency of the competing factors; that is, from the FALL IN PRICE proceeds the RISE IN WAGE and from the FALL IN PRICE and THE RISE IN WAGE together comes the RISE IN RENT. Only that payment for the use of land which is made to substitute a superior use for an inferior one; which substitutes business which produce goods and sell them cheaper and which pay better wage, is rent. Rent of this sort attaches only to urban land, only in rare and exceptional conditions of a temporary character can it ever attach to agricultural land. It is a payment which rises with the Rise in Wage and out of the Rise in Wage, and it is a payment that is a prerequisite to the further Rise in Wage and cheapening of the price of goods resulting from increased productiveness. By it INDUSTRY holds what it has gained. Whatever increases the productiveness of labor, lowering prices and raising wages, will always necessarily raise the value of urban lots as the expenditure made by superior methods to exclude inferior methods increases. *The property, therefore, that the owner of an urban lot has in the value of that lot is entirely different in character from the property which the owner of agricultural land has in the value of that land. These landlords have conflicting interests, for it is to the interest of the owner of the urban lot to destroy the value of the agricultural land. It is to his interest as a landlord of an urban site that the \$40,000,000,000 now uselessly "staked" on the probable rise in value of the agricultural lands, and that the additional \$10,000,000,000 similarly "staked" on the rise in value of the mineral and forest lands, should be released from its useless captivity and put into active production and circulation so as to immediately*

“boom” the value of all city lots. The urban landlords, at present, have no class-consciousness; they do not perceive how utterly their interests conflict with the interests of those who are withholding the vast fund of unemployed capital and the vast areas of unused land from use. But they will find out in time. Already it is estimated that the value of the urban lots, on which are housed and employed over 53% of the population, are worth more as cleared sites than all the agricultural, mineral and forest land in the country,—that is, the value of the urban lots is now over \$50,000,000,000. If the whole of the idle capital now anchored in the value of the agricultural, mineral and forest land of the United States were released from the docks where it “rots on Lethe’s wharf,” it would come, a full-bellied argosy, rich with the wealth of time, into the Market and be converted from being a debt into being an asset,—that is, the working capital of the United States would be increased by the addition to the \$10,000,000,000 employed in 1910 by the sum of one hundred billion dollars. This would produce some striking effects on the values of the lots used for business and residence purposes in cities.

7. Ground Rent, Or The Value of Urban Lots, Is Divisible Into Two Funds, Viz., The Accrued Sum Of All Past Increments And The Accruing Increment.—No other land has a permanent, necessary and growing value other than urban lots, for no other payment for the use of land is one made necessary to maintain the price-lowering monopoly which is the Market. If the necessity for defensive privileges were abolished, the great industries which mine or deforest the country would distribute in cheaper products the advantages of the place. Rent can only be required where there is competition for the use of the site, and cannot attach to sites for which all competition is ex-

cluded by the Fall in Price. Rent cannot attach to the agricultural lands except by excluding the greater part of them from any efficient use; but where the most efficient uses which have already excluded all competition by the Fall in Price are in possession of mineral land, or other sites employed by them, RENT will not attach to the spaces so employed. That is, the agricultural lands lie below the margin of competitive efficiency which exacts rent; the functional uses of their lands by the industries of the very highest efficiency and functional importance lie above it. If the "Coal Trust," as a pure price-lowering monopoly was producing coal cheaper than anyone else could do if the land was to be had for nothing, the mine itself would be worthless. Absurd as it may seem, it is daily brought to our attention in various ways that RENT is an obligation which the industries of the greatest functional importance are even now in many ways able in large part to escape from. In time they will be able, when they have excluded all competition, to escape from it altogether. The most productive of all labor is necessarily that of transportation which is primarily carried on on the common roads and the streets and alleys of cities. So important is it to INDUSTRY that land used for this purpose be free, that from the beginning of time this sort of land has been retained in common use, for all values would be destroyed if the free use of such land was not required. Rent, therefore, as a phenomenon of the competition of industries not of supreme functional control seeking the use of urban lands, is the only sort of rent which Political Economy, as a science of the necessary expenditures of INDUSTRY, knows of.

The rent of urban lands rises with the successive increments of the RISE IN RENT as the competing methods, excluding inferior methods by the FALL IN PRICE, RISE IN WAGE

and RISE IN RENT increase in efficiency. The superior competing methods bear three kinds of fruit on their branches, viz., THE FALL IN PRICE, RISE IN WAGE and THE RISE IN RENT. These are borne simultaneously. If we ignore for the time being the irregular and somewhat spasmodic advance and recession of value in these lots, but taking the result attained after many years in which substantial progress is made, we shall find that in spite of the irregularities noted the lot has all the time possessed a certain increasing value from which it has not receded, and this value may be called its "*Accrued Value*" or "*The Sum of ALL Past-Accrued Increments.*" At any one time, so irregular and spasmodic are the fluctuations actually recorded in the state of minimum interrupted increasing returns, it would have been difficult or impossible to determine with precision where to draw the line separating the "*Accrued*" from the "*Accruing Value.*" As in a growing tree the line of demarcation is clearly shown which separates the green and growing wood full of purpose and sap, from the dry, standardized product of past seasons, so in the state of *uninterrupted and constantly increasing returns* the distinction between the "*Accrued*" and the "*Accruing Increment*" could always be determined. This line divides between that part of Ground Rent which is Public Property and that part which is Private Property, or Wage. For the landlord, as a promoter of the best uses of the site serves himself and the community at the same time. By selecting as the tenant of the site that competing use which can, with certainty, pay the most rent, he looks out directly for himself. But at the same time he contributes towards the lowering of prices and the raising of wages, for the Rise in Rent comes out of the Rise in Wage (or Indeterminate Profit) which the superior method commands by its Fall in Price. If the

best sites were not taken by the methods which paid the most rent because out of their greater Fall in Price they commanded a greater Wage, inferior uses would have them and the community would not get its share of the Rise in Wage or of the Fall in Price. Hence the "Accruing Increment" is not, as J. S. Mill taught, "unearned;" it is the only part of Ground Rent which is rightfully "wage" or private property. But the Sum of All Past Increments, or the Accrued Rent, is made up of increments which in the past have been similarly earned while they were for the first time accruing but which afterwards blended into a common fund, the *Product Net*, or Sum Total of All Past Accrued Increments. This is the sum that INDUSTRY offers to GOVERNMENT in compensation for its services to INDUSTRY. By the appropriation of this by the taxing power the State not only relieves INDUSTRY of the oppression of all forms of predatory privilege, and of the necessity of employing defensive price-raising privileges, but thereby also throws open to all equality of common access to the natural bounties, maintains the circulation of capital in all productive employments, secures an absolutely stable unit of valuation, and finally enriches the owners of the lands from whom it collects that Accrued Increment by forcing to the uttermost the growth of the "Accruing Increment." In the state of minimum, interrupted increasing returns the boundary between these two funds is obscure and undefined, but this obscurity ceases the moment the interruptions cease and a state of constancy in increasing returns is established. The enforcement by the State of the collection of the Accrued Increment brings on immediately the state of maximum increasing returns and the boundary between these two funds becomes clearly defined, and the Accruing Increment rises with the maximum rapidity.

8. The Accruing Increment Of The Price-Lowering Ground Rent Of Urban Lots Blends With The Accrued Increment As New Improvements In Method, Out Of Whose Wage The Accruing Increment Was Paid, Come Into General Use.—The new methods, while yet they are superior, are able to exert an excluding command over the apportionment of all products coming into the Market and, by sharing in the spoliation of the incompetent as well as in the gains of those functionally dependent upon them, to earn a superior Wage out of which they pay their rent. But after a while these new methods, or the advantages to be obtained from them, will have come into general use and the former excluding methods having been superseded by new improvements, an increased efficiency is communicated to the minor competing factors. Then the old rent no longer is sufficient to exclude the competing uses, and the former "Accruing Rent" blends with the "Accrued Rent" as a definite and certain value to be distinguished from the speculative value attaching to the highest possible present use of the lot. There is a certain seasonal periodicity about this advance of "Accrued Rent" corresponding to the "rings of growth" of a tree. These periods within which it is possible to determine with certainty the actual substantial advance of the "Accrued Increment" are important. For the purposes of this argument I shall assume that they are ten-year periods, and shall call the intervening period of ten years elapsing between one possible valuation or assessment and another the "*Decennial Period of Assessment.*"

9. The Maximum Selling Value Of Land Is The Capitalization Of The Accruing Increment.—In the state of interrupted minimum increasing returns—the condition which exists—the value of an urban lot is the capitalization

at the current rate of interest of its present and prospective ground rent. What the lot will *now* rent for, however, has little to do with fixing its value if there is any strong reason to think that a greater or lesser rent could be had in the near future. In any healthy state of business all urban lots have a strong "speculative" value apart from that value which has accrued and is certain. If the state of increasing returns can be made steady, constant and certain, with no downward movements, the value of the lot would always be the capitalization of the Accruing Increment, not the capitalization of the Accrued Increment.

10. The Stabilization Of The Accrued Increment Is The First Step Necessary To Produce The Maximum Increase In The Accruing Increment.—So long as the main body of superior methods can, in all the various employments of INDUSTRY, maintain their price-lowering control of the apportionment of all the products coming into the Market by the exclusion of inferior methods by the FALL IN PRICE, RISE IN WAGE and RISE IN RENT, there will at least be a condition of minimum increasing returns. Where there is a universal RISE IN RENT, however slight, the Accrued Increment remains stabilized with no downward fluctuations. As the Accrued Increment is the foundation upon which the Rise in Rent rests, it is evident that the statement embodied in the caption of this paragraph is true. Not only is it necessary that the Accrued Increment should remain stable for the MAXIMUM RISE IN RENT, but it must remain stable for *any* RISE IN RENT. The problem, therefore, of securing the maximum selling value to city lots is the problem of stabilizing the Accrued Increment.

11. The Accrued Increment Can Only Be Stabilized By Appropriating It By the Singletax—THE SINGLETAX is that necessary act by which GOVERNMENT at the same

time by one act maintains itself and maintains the functional subordination of industrial acts to each other in the order of their price-lowering control over apportionment. Government maintains by this act the functional subordination of competing industries by abolishing all price-raising taxes and charges for which it is now directly and indirectly responsible, and by collecting as its rightful Wage from the landlord, as the factor cooperating with it, that part of his Gross Rent which has been stabilized by the past exclusion of uses. This payment is made by the landlord as a promoter of the best uses of sites as a price-lowering cost of production made by him for the purpose of collecting the maximum Rise in Rent necessarily resulting therefrom. By THE SINGLETAX the Accrued Increment is appropriated and no more. This tax, falling on the value of all lands, will immediately explode the bubble of the fictitious, price-raising monopoly value of agricultural, mineral, and forest lands and destroy that value. Upon the levy of THE SINGLETAX \$50,000,000,000 worth of value now attaching to the titles to agricultural, mineral, and forest land would be separated from them, and if not otherwise preserved, it would be destroyed or confiscated. Agricultural, mineral, and forest land would rent for nothing, sell for nothing, and, of course, could not be taxed. There would remain only that land value which was economic because it was to the interest of all of the industrial factors that it should be paid, as much to the interest of the one who pays it as to the interest of the one who receives it. But he who pays the Accrued Increment will pay it because he thereby obtains the right to appropriate the Accruing Increment, while GOVERNMENT in collecting the Accrued Increment will stabilize it and compel the most rapid advance of the Accruing Increment. Unless the Accrued Increment is appropri-

ated by taxation the unused agricultural, mineral, and forest lands cannot be forced into use, and the title-owners will continue to trap the vast increasing fund of unused capital and perpetually drain the Market of its purchasing power. By THE SINGLETAX all forms of Defensive Privileges are made unnecessary, the burdensome charges of all price-raising restrictions and taxes, multiplying enormously the costs of production, are abolished, and the vast amount of unused capital now trapped in the value of the agricultural, mineral, and forest lands is released for productive use, and this capital coming into the Market will force upwards immediately the maximum rise in the Accruing Increment. For by this will be established the condition of *constant, maximum increasing returns* by which the Accrued Increment will be stabilized. And it will be impossible to stabilize the Accrued Increment without producing the maximum Rise in Rent.

12. The Accrued Increment Of Urban Ground Rent Constitutes The Only Natural And Possible Standard Of Valuation Determining The Number And The Value Of The Monetary Price Units.—Value, the control maintained by the FALL IN PRICE and RISE IN WAGE is standardized only by Ground Rent. As the Rise in Wage proceeds from the Fall in Price and the Rise in Rent from both, it is evident that THE SUM OF ALL PAST ACCRUED INCREMENTS OF GROUND RENT is a standardized value (control over apportionment) representing the exclusion of all ancient uses and the value or profit resulting to the community from their exclusion. As from the pioneer days there came in a stream of improvements and betterments which lowered prices and raised wages, they registered, in the rising price demanded to exclude from choice locations, the exact measurement of the relative value of these betterments and the Rise in Rent

contains in solution the history of all past betterments. Economists often speak of the "price-level," but the value of all current articles of exchange fluctuates on the Market. There is only one unit that is stable, *and that is the unit of the value of the Sum-of-All-Past-Accrued-Increments-of-Ground-Rent-of-Urban-Lots in the State of uninterrupted increasing returns*. No matter what the value of an article or commodity may be at the time the total value of the Accrued Increment is computed to be in the terms of the value of that commodity, that unit, when once determined in that manner, will not afterwards fluctuate if the "Sum" is itself stabilized. Thus, if, in the state of uninterrupted increasing returns under THE SINGLETAX, the total value of Urban Ground Rent less the present speculative or accruing value were computed in the terms of our present dollars, which are gold dollars, and a legal tender paper money in nominal value equal to the total sum of the Accrued Rent issued and expended by Government as it collected or appropriated the Accrued Rent by THE SINGLETAX, the value of these paper dollars would always remain of the present value of the gold dollar even if the value of gold should entirely disappear. Every one of these paper dollars would be a draft on a definite aliquot part of Accrued Rent and be redeemable therein, so that as the rent increased the increase would be computed in the same units. As the payment of Accrued Rent is that stabilizing payment which maintains the exclusion of all competing obsolescent and obsolete methods by which prices are fixed and fixed wage and profits determined, they are the only possible units of price which could not depreciate if the Accrued Rent were made stable by the state of uninterrupted increasing returns and would not increase in value as the increasing volume of Ground Rent was computed in these units.

13. No Nation Can Maintain At Par A Greater Volume Of Money Of Ultimate Redemption Than The Sum Total Of Accrued Urban Ground Rents.—It matters not what may be used in any country as the units of Price, or as money, whether gold, silver, copper, paper or clam shells, there can be no more of it maintained on a parity with the price level than the total of the Accrued Urban Ground Rents of the nation. The "Unit of Price" is an aliquot part of Accrued Urban Ground Rent. If, by reason of new processes, more gold or silver dollars or nominal "Units of Price" are minted and issued as legal tender than the total sum at some ratio of Accrued Urban Ground Rent amounts to, then the prices of commodities will rise and the value of the coins decline until they reach the value which is the total value of Accrued Urban Ground Rent. The total nominal value of the legal tender money issued by the United States is somewhat in excess of the total Accrued Urban Ground Rent of the nation, and therefore the value of the dollar continues to decline as the increase in the volume of money exceeding the rate of increase of Accrued Urban Ground Rent continues to diminish the value of the unit as an aliquot part of Accrued Urban Ground Rent. The Standard of Value itself is never the money metal, whatever the value of the money-metal may be in the markets of the world, but is always this Accrued Urban Ground Rent—the standardized price of maintaining the price-lowering monopoly as determined by *Urban Ground Rent*; for it is *Urban Ground Rent*, and not price or wage, which measures by recording the actual extent of industrial progress and thereby is the *Standard of Valuation*.

14. The Unit Of Accrued Urban Ground Rent Is Therefore The Natural Unit Of Valuation.—Without such a unit a monetary system is always upon an artificial and unstable

basis. As a result of the great European war (for which the parrots, repeating Ricardian fallacies in the colleges of the world are chiefly responsible) the hoarded treasures of gold of the belligerent nations are being "dumped" upon the neutral nations for the purchase of supplies. It was recently reported that the Swedes had wisely concluded to decline to receive any more payments in gold, fearing that as a consequence of the war gold might be demonitized altogether by some or all of the belligerent nations, and that then they would have on their hands a commodity of uncertain value. This danger is very real, for the war will continue until by exhaustion each of the nations will be obliged to face nature's literal facts and to dispense with all academic shams and politic fictions. It is not at all necessary for a great nation to bow to the fetich of gold.

15. The Singletax Is The Only Method Of Taxation Which Is In Accord At The Same Time With The Precepts Of The Gospel And With Business Policy.

—THE SINGLETAX is the system of taxation which would be adopted by the most enlightened Public Policy and it is the system to which the industrial organization of the United States is tending. The two party organs representing the character and intelligence common to all have always historically played the parts of the two brothers mentioned in the New Testament somewhere: A certain man had two sons, and, laying his commands upon them at his deathbed, one of them promised to obey their father and the other refused. But the one who promised to obey did not do so, and the one who refused to obey these commands kept them. Which of these, said Jesus Christ, obeyed the commands of his father? In the case before us one of these parties has at every national convention since Jefferson founded it solemnly renewed its promise to maintain the guarantees of

the Constitution and its continued opposition to special privilege in all forms, and it has done nothing whatever to carry out these promises; but, on the contrary, the other party has continuously sought the favor of the rich and powerful and has conferred favors upon them, but has strenuously maintained against the opposition of the other party the system of Defensive Privileges which, being in the nature of an inchoate SINGLETAX, has accomplished whatever has been done to fulfil and carry out in the economic order the high commands enjoined upon us by the founders of this nation. But Hamilton's party is not to be much praised for what greed alone prompted it to do, nor is Jefferson's party to be much blamed for following the deceiving counsel of the college professors.

The sayings of Jesus Christ with reference to certain problems of GOVERNMENT and taxation disclose this system as existing in his mind. Among the heathen those who rule lord it over them, but, among you, he said, let it be not so. For the ruler should be the servant of many. *In other words, in the very act of collecting its revenue the State should serve, and protect its wards by the very act by which it maintains its revenues.* It will neither rob nor permit others to rob, so as to be directly or indirectly the source of oppression by its acts. The coin bearing Caesar's Image belongs to the State; to Caesar must be rendered that which is Caesar's. But what is it that is Caesar's? "*Now when they were come to Capernaum,*" Matthew says, "*they who collected the (poll-tax of) twenty-five-cents-each came to Peter and said: Doth not your master pay tribute? And Peter said: I will see. And Jesus said to him: Tell me, Peter, of whom do the kings of the earth exact tribute? Of their own children, or of strangers? And Peter said: Of strangers. Then, said Jesus, are the children free. But,*

lest we should be misunderstood, go thou to the Sea and take a Hook, and the Fish-That-First-Cometh-Up, that take; and when thou hast examined its Mouth thou shalt find in it Fifty Cents. Take that and pay for me and for thee."

Here the thought involved in the former saying is fully contained and symbolized. For in any just government all the people would be "children;" none would be "strangers" or foreigners to the equal favor of the sovereign. Hence, in the just government the people would not be compelled to pay that which is in the nature of a "tribute" levied upon them by those who "lord it" over them and plunder them as the kings did of the "strangers" to their favor. But if this sort of tribute paying is abolished, how is GOVERNMENT, the just one, to be sustained? We shall certainly be *misunderstood* if we say that *all taxes* should be abolished! The answer that is given tells us that the SINGLE-TAX is the tax which is no tax! In the great Sea of Opportunity swim many industrial "fishes" to be caught with the Hook of the Law which carry in their Gross-Indeterminate-Wage, or the price-lowering command which they wield over the apportionment of wealth (which is the "mouth" by which they "feed") an easily separable standardized or "coined" value (the Accrued Increment of Urban Ground Rent) which bears upon it the "imprint of Caesar's Image" and is exactly the amount required to meet the demands of the just Government! Even in the Old Testament, under the Mosaic Law, the agricultural land was made an inalienable inheritance of the people, but the urban lots were subject to sale and barter as chattels. That is, in the Mosaic Law the fundamental distinction between the nature of agricultural land and urban land is correctly made; in the New Testament, by the miracle of the Coin-In-the-Mouth-of-the-Fish the wonder of the nature and function of The

Accrued Increment is set forth in a manner which does not permit any other construction than that THE SINGLETAX was thereby advocated by the Founder of Christianity.

St. Thomas tells us that God by one act willed all things, and by one thought knows all things. In the matters of GOVERNMENT THE SINGLETAX is The Great Idea by which Public Policy wills all things that are in economics supremely important and by which the economist knows all things that are worth knowing. He who does not know it in any of its forms knows nothing. But unless the economist knows it better than the followers of HENRY GEORGE know it, the country may be ruined by the attempt to adopt it.

16. The Attempt To Levy The Singletax Without Compensation To The Owners Of The Expropriated Lands Would Ruin The Industries Of The United States|And Be Impossible.—Let us suppose that Singletaxers of the school of HENRY GEORGE had captured the marginal intelligence of cities, counties, states and the nation and were about to impose on the owners of all lands the UNLIMITED SINGLE-TAX according to their program; in fact, had imposed that tax. The effect would be to destroy immediately the selling, rental and taxable value of all agricultural, forest and mining land. That is to say, the purchasing power of the present titles amounting to FIFTY BILLION DOLLARS would be destroyed. This value, although not productively employed, is continually indirectly drawn upon as a security for credits, mortgages and conveyances which sustain a very large part of the credit of the businesses of the nation. The sudden confiscation of this value would destroy absolutely a very large part of the credit on which rests the price-lowering control by which the 53,000,000 people, who are piled up in the cities of the United States, are sustained.

There is not a bank or an industry which would not be completely ruined by this confiscation of so vast a part of the available credit of the nation. The great system of predatory price-raising privileges which we have inherited from the past has slowly grown up from obsolete uses which have been tolerated and not excluded, and with them we have developed an opposing system of defensive price-raising privileges. Just as a morbid growth on a living body must not be rudely torn from the flesh, for otherwise the patient would die from hemorrhage and surgical shock, so we have a similar condition in which INDUSTRY suffers from the excrescences of price-raising privilege, both predatory and defensive. Just as the blood flows in and out of the morbid growth, so the credit of INDUSTRY flows in and out of these legal forms. The price-lowering control over the apportionment of the tangible products of labor applied to land rests on credit, and primarily is credit, and if it were destroyed there would be no way short of physical seizure by which the agricultural products could be brought to the cities. Grass would then grow in the streets of the cities; the vast populations, starving and desperate, would swarm out into the country, and worse than Mexican conditions would ensue. More than half of the population would be threatened with immediate death by absolute starvation. The Singletax government would not, however, last long enough to be able to reduce the people to these extremities; the first preliminary crashes of the great industrial houses and the banks would put an end to its power.

17. Henry George Did Not Understand The Nature Of Land Value And Therefore His Propaganda Has Failed.—The Fallacies Of George.—The reason the Georgian propaganda has failed is that it proposed to confiscate by taxation the value of all lands to their owners, and such

confiscation would be ruinous—the cure would be worse than the disease. George thought that it was impossible to compensate the owners of the value of the land because he did not know that THE SINGLETAX would destroy the value of non-urban lands, and increase the *selling value* of urban lands *by the addition of many times the value thus destroyed, so that one class could be compensated out of the increase of the other*. George was a Ricardian economist and did not understand the nature of any of the economic functions. He followed the professors of the schools and believed in their spurious science. George's "Rent" is an accidental, malignant, *price-raising* "Rent." *It is an extortion treated as an economic function*. Mill knew urban factories had raised rent and wage and *lowered prices* for rural labor; George knew that cities made wages higher and prices lower, first to urban, then to rural industries; that rent of rural land rose from this cause, and that the CITY swallows the increase of the population, not the "Margin," nor the agricultural industry. George had no share in the crafty subservience of Mill; *he* forced the professional economists to discover the "*Differentials*" by presenting in good faith as axiomatic this absurdity:

"The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."

In this famous formula are assumed, implied, and explicitly stated the following fallacies which, in the aggregate, make up the whole of the formula:

- (1.) Rent arises from Decreasing Returns and not from Increasing Returns.
- (2.) Rent is paid for the use of agricultural land.
- (3.) Rent is part of the tangible produce.

(4.) Differences in Rent do not arise from differences in the active productive capacity of labor but from differences in the mere passive fertility of land.

(5.) Rent is the *excess of the produce of the land* over what the same application can secure from the least productive land in use.

(6.) Only the least productive land pays no Rent.

(7.) Only land on which the least productive labor is, or may be, employed commands no Rent.

(8.) The tax on Rent cannot be shifted.

I will consider these fallacies, common to George and the Ricardian school, in the above order.

FALLACY 1. *That Rent Arises from Decreasing and Not from Increasing Returns.* This proposition was explicitly stated by David Ricardo:

“If, then, good land existed in quantities much more abundant than the production of food for an increasing population required; or, if capital could be indefinitely employed without a diminished return on the old land, there could be no rise of rent; for rent invariably proceeds from the employment of an additional quantity of labor with a proportionately less return.”

Works of David Ricardo (McCulloch), 1888, p. 37.

This doctrine was first put forth in 1777 as a defense of the Corn Laws by Dr. James Anderson, a pamphleteer for the English squires, who, in order to justify the duties on grain which enhanced the price of food, said:

“I foresee here a popular objection. It will be said that the price to the farmer is so high only on account of the high rents and avaricious extortion of proprietors. Lower (say they) your rents, and the farmer will be able to afford to sell his grains cheaper to the consumers.

“In every country there is a variety of soils, differing from one another in point of fertility. These we shall at present

suppose arranged into different classes which we shall denote by the letters A, B, C, D, E, F, etc.; the class A comprehending the soils of the greatest fertility, and the other letters expressing different classes of soils, gradually decreasing in fertility as you recede from the first. Now as the expense of cultivating the least fertile soil is as great or greater than the most fertile field, it necessarily follows that if an equal quantity of corn, the produce of each field, can be sold at the same price, the profit of cultivating the most fertile soil must be greater than that of cultivating the others, and as this continues to decrease as the sterility increases, it must happen that the expense of cultivating some of the inferior classes will be equal to the value of the whole product."

"An Inquiry Into the Nature of the Corn Laws;" cited by Prof. Chas. Wm. Macfarlane in "Value and Distribution," pp. 91-93.

This argument was continued by Malthus, who said:

"It is not, however, the rent of the land that determines the price of its produce, but it is the price of the produce which determines the rent of the land.*

"The reason why the real price of corn is higher and continually rising in countries which are already rich, and still advancing in prosperity and population, is to be found in the necessity of resorting constantly to poorer land."

Cited in "Value and Distribution," p. 95.

Malthus got hold of a copy of the first Census Report of the United States, that of 1790, in which it appeared that the population had doubled every 25 years. He prepared an essay on the relation of the natural law of the unrestrained increase of population to subsistence which he first read to his father's club of English radicals which, under the leadership of William Godwin, was trying to introduce in England the doctrines of the Girondists of the French

* This is true. *Rent*, *Wage* and all values are determined by *Price*. But the tribute demanded for agricultural land is not *Rent*. But where *Rent* is the premium paid to substitute superior for inferior uses its payment is the final prerequisite to the maximum *Full in Price*.

Revolution, particularly the teaching of Condorcet of the perfectibility of human society. Malthus argued from this Census Report that population naturally doubled every 25 years, but that during these periods the increase in productive power from all causes would only have enabled the products of labor,—which he called “subsistence,”—to have been increased at the end of each 25 years by a like amount which the entire population could have produced at the beginning. Thus population would increase in a geometrical ratio, while the product of labor or “subsistence” would increase in an arithmetical ratio. Thus if we represent the population of a country by the numerals 1, 2, 4, 8, 16 and 32 as it doubles every 25 years, Malthus argued that there would have been produced “subsistence” only for a population of 1, 2, 3, 4, 5 and 6, so that if they had enough when they started, at the end of 75 years, when population was to subsistence as 4 is to 3, they would begin to starve. This doctrine, attributing poverty to the scarcity of fertile agricultural land, and to the tendency of population to increase beyond the limits of subsistence, was eagerly seized upon by the Public Policy of the day, then engaged in a conflict with the French Revolution which promised in the name of “Equality” and abolition of class distinctions and privileges to bring about an increasing betterment in the economic condition of society. By the Malthusian argument the further progress of the revolutionary propaganda was checked and thus halted for a century. J. S. Mill expressed this teaching, which under the guise of a conclusion of Political Economy was really the key-stone of the arch of the anti-revolutionary Public Policy which has preserved monarchy and privilege in Europe for a century and finally embroiled Europe in the present war:

“A greater number of people cannot, in any given state of civilization be collectively so well provided for as a smaller. The niggardliness of nature, not the injustice of society, is the cause of the penalty attached to over-population. An unjust distribution of wealth does not aggravate the evil, but, at most, causes it to be somewhat earlier felt. It is in vain to say that all mouths which the increase of mankind calls into existence

bring with them hands. The new mouths require as much food as the old ones, and the hands do not produce as much. If all instruments of production were held in joint property by the whole people, and the produce divided with perfect equality among them, and if in a society thus constituted, industry were as energetic and the produce as ample as at the present time, there would be enough to make all the existing population extremely comfortable; but when that population had doubled itself, as with the existing habits of the people, under such an encouragement, it undoubtedly would in a little more than twenty years, what would then be their condition? Unless the arts of production were in the same time improved to an almost unexampled degree, the inferior soils must be resorted to, and the more laborious and scantily remunerative cultivation which must be employed on the superior soils, to produce food for so much larger population, would, by an insuperable necessity, render every individual in the community poorer than before. If the population continued to increase at the same rate, a time would soon arrive when no one would have more than mere necessities, and, soon after, a time when no one would have a sufficiency of those, and the further increase of the population would be arrested by death."

Principles of Political Economy, Bk. 1; ch. 13, par. 2.

Francis A. Walker attempted to explain the alleged law of rent in this way: Population first takes up all the best, or 25-bushel land. When that is all gone the increase is obliged to take up the 20-bushel land and the 25-bushel land commands 5 bushels rent. In this manner they get to the state where the increase of the population can only find open to it the "Free Land" where only 10 bushels can be produced, or what is equivalent to a bare subsistence. Then all that can be produced above the yield of the 10-bushel land is "rent." After setting forth thus particularly that rent takes all the product of labor above the yield to labor on the poorest land in use, he attempted to take the field against Henry George's proposed confiscatory tax on what George also supposed was Ground Rent. In "Land and Its Rent" Walker argued that it is not true that rent takes all the produce of labor above a bare subsistence, and at-

tempted to show that the rents of urban sites do not follow the Ricardian formula. In this Walker was right. But he advanced this argument petulantly and in an abusive manner, using it as a club to whale George with it, and never developed the doctrine far enough to see in it the necessary total abandonment of the Ricardian formula and the doctrine of decreasing returns which supports it.

FALLACY 2. *That Rent Is Paid for the Use of Agricultural Land.*—All the Ricardian economists, when they attempt to set forth their alleged law of rent, speak only of the rent of farming land. But this sort of land has no economic value; its value or rent is derived only from the conjunction of two things, (1) the enormous increase in the productive power of labor due to inventions of cities which have multiplied the productiveness of agricultural labor 15 times and the amount of available land 30 times, while the rural population has increased but 15 times; (2) the withholding of over 1,000,000,000 acres of fertile agricultural land from efficient use causes a price-raising fictitious value to attach to it. As the productive power of the excluded labor rises, the withholding of this unused land extorts an increasing portion of the agricultural wage. Levy the **SINGLE TAX** and this fictitious value would wholly disappear and these lands would command neither rent nor taxes. *There is more fertile agricultural land in the United States than agricultural labor could ever devote to tillage, even if we had the entire population of Europe here to help.* Rent is a necessary economic expenditure demanded from the nature of production for the purpose of excluding inferior uses. It is not the mere legal exaction, which, although called "rent" in popular language, is not rent in the terminology of economic science.

FALLACY 3. *Rent Is a Part of the Tangible Produce.*—In the state of diminishing returns assumed by the Ricardians there can be no **PRICE-LOWERING CONTROL**. But, nevertheless, it is this control which is the Market and which manifests itself as Wage, Capital, Interest, Rent, Price and Value. Rent, like Wage, is never the tangible produce. Rent is a payment out of Wage by which competitors not

excluded by the Fall in Price and Rise in Wage are finally excluded. Being derived from Wage it is, like Wage, an allotment of the price-determined control over the whole of the tangible goods exchanged on the Market; it is never the tangible goods themselves. Rent, Wage, Capital and Value all flow out of Price, that is, from the Fall in Price. From this little magic "nut" at the head of the stream flow all the waters of the great industrial river of life.

FALLACY 4. *Differences in Rent Do Not Arise From Differences in the Active Productive Capacity of the Differential Factors, but From Differences in Mere Passive Capacity of Lands.*—It is true that some lands are more fertile or useful than other lands, but the differences in the passive utility of lands is small compared with the differences in the active capacity of the differential factors which may use them or compete for them. As much as the lands, therefore, may differ, the differential factors differ still more, and for any piece of land for which two may compete one of them can always tender a price for the privilege of exclusion. Hence if every square foot of land on the surface of the globe was taken, rent would rise as the premium paid by a more efficient user to exclude a less efficient user. As the efficiency of the competing users rose, the rent would be wholly determined by the variation in the efficiency of these competitors, and not in any degree at all by the passive qualities of the land. That is, where two causes exist by which the productiveness of the Differential Factors is made to vary, one of slight importance, as the variation in the passive qualities of the land, and the other of great importance, as the variation in the active powers of the Differential Factors, the factor contributing to the slight variation is negligible. The Indian required a square mile of fertile land to hunt in, and the present inefficient farmer sprawls over 100 acres. Neither of these uses of land determine its possibilities, for the natural powers of each tract varies to the individual producers more than they vary among themselves.

FALLACY 5. *Rent Is the Excess of the Produce of the Land Over What the Same Application Can Secure From*

the Least Productive Land in Use.—Note again the Ricardian expression “produce of the land.” The land produces nothing but game, fruits and mineral deposits. In “securing” this produce the wild Indian required a square mile of land to make a living in, but even then the game did not walk into his tepee and beg to be eaten.

The value of the product of labor is the *price* it brings. That is, we call the distributive price of each of the several products its “price,” while the amount realized by the whole of the product is the “value” of the product. The value of the product as a whole is Gross Indeterminate Wage which rises as “price” falls,—that is, *Value or Wage rises as Price falls*. Without the Fall in Price there would be neither Value nor Price, and hence there would be neither Wage nor Rent.

Now we have seen that Rent is never the tangible product. The product of labor applied to land which the Market apportions (and, by apportioning this, also apportions the tangible products or the Ricardian “produce”) is the price-lowering control over apportionment. The Market never directly apportions the tangible produce, but always makes allotments of individual shares in the price-determined control over all the goods coming into the Market.

It is clear, therefore, that if Rent is the whole of the “excess” of the “produce” at one place over the other there can be no gain distributed as the Fall in Price or as the Rise in Wage. Even if Henry George had been able to have levied his Singletax, there could not have continued to be, under his formula, any further Fall in Price or Rise in Wage. For when the new margin had been established, rent would necessarily have taken all the excess above that produced on the margin of the “Free Land” and “Social Growth” would have distributed no Fall in Price or Rise in Wage, *for if it could, some of the “excess” would have gotten away from Rent*. The “rent” which takes all the “excess” is the *price-raising* “rent” which would make the cost of the reaper to the man at the margin so great that he would not be benefitted by discarding the sickle for it. Hence there could be no improvement of method

possible on the "rent-producing" land or "at the margin," which could be followed by a *gain*, or Rise in Wage. If any of the benefits of the Fall in Price and Rise in Wage accrue at the margin,—if new and improved machinery and other implements of civilization can be sold there at a price which makes it more profitable to buy them than to go without them,—*then this so-called "rent" does not take all the excess.* Hence there can be no rise in the Georgian Rent attaching to an increased area, even after the Georgian "margin" of the "Free Land" is established by the Singletax, unless the whole of the benefit of "Social Growth," that is, of the Fall in Price and Rise in Wage, is appropriated by Rent. Wage must steadily fall as the increase of the population employed on less desirable land is deprived by Rent of all the gains of "Social Growth" beyond that great gain which they may be supposed to have received by the institution of the new "margin" in the Georgian system.

The Georgian "rent" is a Ricardian price-raising Chimera which has no relation whatever to real rent, *that price-lowering cost of production paid for the use of urban sites* which is the prerequisite to the securing for labor of all "excess" attained by superior methods over the obsolete methods of past generations.*

FALLACIES 6 AND 7. *Only the Least Productive Labor Pays No Rent; And, Only Land on Which the Least Productive Labor Is or May Be Employed Commands No Rent.*—Rent is the premium paid to exclude from the use of the place those industries not excluded by the Fall in Price and Rise in Wage. The vast abundance of agricultural land, accessible and equally fertile and desirable, will make the payment of rent unnecessary to exclude inferior sorts

* We know that the average yield of corn is about 25 bushels per acre on land on which fairly good farmers get 75 bushels per acre. These of course do not "*make the same application.*" But if the rent or value of the land is the same, is the rent the "excess" above what the good or the bad farmer would produce on the best land to be had for nothing? As they all differ among themselves in efficiency, we find that the "productiveness" of the marginal land is a very indefinite conception.

of farming. These will there be excluded by the Fall in Price and the Rise in Wage. But the labor on these lands will not be the least productive labor. The increasingly great investments of capital in highly improving these lands will rapidly tend to obliterate the differences arising from the natural conditions or characteristics of the land, and further and continual improvement in the conditions of transportation will eliminate the advantages of time and place with reference to location so far as agricultural produce is concerned.

On the other hand, those industries of the greatest functional importance which have eliminated all competition by the Fall in Price and the Rise in Wage will tend, more and more, to form one integral industrial entity,—the Industrial Upper Limit. For the lands used by them there will be no competitor to tender the price of exclusion. They will have risen far above the range of rent. These industries of supreme functional importance, upon whose prosperity all other industries are absolutely dependent, manifest themselves in the beginning in the function of TRANSPORTATION out of which all cooperation arises. Without the physical movement of goods there could be no cooperation, no increasing returns and no Fall in Price, Rise in Wage and Rise in Rent. But the common ways have always been kept open to free use. Close up the wagon roads of the country and the streets and alleys of the City and all values would immediately disappear. It is because the labor that is carried on on this "Free Land," the common highways, is the most productive of all labor (because of the greater functional importance) that they are "free land." There will come a time when the "Industrial Upper Limit," having complete price-determined control over the functions of INDUSTRY, will stabilize THE FALL IN PRICE by abolishing all transportation charges, just as the great office building has established free transportation in the elevators for passengers.

There are, in fact, three zones of the industrial area considered with reference to Rent: (1) The No-Rent Lands which are *beneath* Rent, or, the agricultural areas; (2) the

Rent lands of the great industrial functions which are *we* Rent, and (3) a narrow area within the boundaries cities where the industries not of supreme and controlling sectional importance struggle with those which they can ; exclude by the Fall in Price and Rise in Wage, and ich can secure for themselves the choice sites only by the e in Rent.

FALLACY 8. *That the Tax on Rent Cannot Be Shifted.*— is because the Ricardians supposed Rent to be a phenomenon of decreasing returns that they affirmed most positively that the tax on Rent could not be shifted. This mium which they assert the "niggardliness of nature" orts from the tenant by the act of the landlord and ich they call "rent" is never price-lowering rent, but revenue which would cease to be as soon as any considerable tax was laid upon it, so that it could not even then st to be taxed. But the ill-omened Chorus recites:

"Ground-rents are still a more proper subject of taxation than the rent of houses. A tax on ground-rents would not raise the rents of houses. It would fall altogether upon the owner of the ground-rent, who acts always as a monopolist, and exacts the greatest rent which can be got for the use of his ground."

Adam Smith, "Wealth of Nations," Bk. v., c. 2, pt. 2, art. 1.

"A tax on rent would affect rent only; it would fall wholly on landlords, and could not be shifted. The landlord would not raise his rent, because he would have unaltered the difference between the produce obtained from the least productive land in cultivation, and that obtained from land of every other quality."

Ricardo, "Principles of Political Economy and Taxation," ch. 10, par. 62.

"A tax on rents falls wholly on the landlord. There are no means by which he can shift the burden upon anyone else. . . . A tax on rent, therefore, has no other effect than its obvious one. It merely takes so much from the landlord and transfers it to the state.

J. S. Mill, "Principles of Political Economy," Bk. v, ch. 3, No. 2.

"A tax on rents cannot be transferred. A tax on commodities is always transferred to the consumer."

Thorold Rogers, *Political Economy*, 2nd Ed., ch. xxi, p. 285.

"A land tax levied in proportion to the rent of land, and varying with every variation of rents . . . will fall wholly on the landlords."

Walker, *Political Economy*, Ed. 1887, p. 413.

"The incidence of the ground tax, in other words, is on the landlord. He has no means of shifting it; for, if the tax were to be suddenly abolished, he would nevertheless be able to extort the same rent, since the ground rent is fixed solely by the demand of the occupiers. The tax simply diminishes his profits."

Seligman, "Incidence of Taxation," pp. 244-245.

"With these assumptions, it is quite clear that the tax on economic rent cannot be transferred to the consumer of the produce, owing to the competition of the marginal land that pays no rent, and therefore no tax, nor to the farmer, since competition leaves him only ordinary profits."

Nicholson, "Principles of Political Economy, Bk. v, ch. xi, Nos. 1-4.

Now it is evident from what has been said before in the argument of this chapter that because we have 871,000,000 acres of wholly unused fertile agricultural land (including 100,000,000 acres requiring drainage and irrigation), that if the whole of this vast unused and continental area, 24 times the area of the state of Illinois, were thrown on the Market to be immediately disposed of for whatever it would bring, that none of it, or any of the 479,000,000 half-used acres of the improved agricultural land of the Nation, would have any value at all. There would be no one to tender the price of exclusion, since there is more than could ever be used for tillage. The value of this land gone, it would command no rent and it could not be taxed. This value, therefore, is not rent in any proper sense whatever.

But if the value of the agricultural lands disappeared because that present value is wholly fictitious, such would not be the case with the rental or selling value of urban lots. As the competing differential factors increased in

number and in wage they would tender a continually increasing rent for the privilege of exclusion and this rent would be collected by the landlord as the promoter of the best uses of sites from the tenants. The Maximum Rise in Wage, produced solely by THE TAXATION OF GROUND RENT, would bear the burden, not the landlord, and upon it THE SINGLETAX would be shifted,—for the taxation of real ground rents will always increase the rental or income of the landlord. Real ground rent is always price-lowering or price-determined rent, the last payment required by the law of increasing returns to be made for the purpose of excluding inferior methods. The fictitious Georgian rent is that rent which is “price-raising” and which “enters into Price” and it will be destroyed by THE SINGLETAX and no longer survive for Singletaxers to experiment upon.

18. In The Ricardian System As Expounded By Henry George And The College Professors There Is Not A Single Definition, Formula Or Generalization That Is True.—The New Discoveries Of The Professors.

(a) *The formulas of the Ricardian economics are all false.* The formulas upon which KARL MARX and HENRY GEORGE founded their systems were the definitions and formulas of David Ricardo and J. S. Mill. *Every one* of these definitions and formulas is deduced *a priori* from the assumption of diminishing returns. *Every one* of these definitions and formulas is *false*. *Price, Value, Wage, Capital, Interest and Rent*, as actual phenomena of the Market do not any of them remotely resemble the night-mares that bear their names in the Ricardian system. Until GEORGE appeared the Ricardian system was taught in all colleges.

(b) *The new discoveries of the Professors.* Henry George and his followers have said many bitter things about the college professors because the latter would not accept the logical but humanitarian form of their teachings as for-

inally deduced by Henry George. If Rent confiscates all the excess above the Ricardian "bare subsistence," George argued, justice demands that the landlords be pushed aside and Rent confiscated by THE SINGLETAX. But the professors, unable to deny the justice or to meet the logic of Henry George, when brought face to face with the *reductio ad absurdum* of their own system, took to the woods. Henry George, in fact, pulled down the Ricardian house of cards, and since the publication of "Progress and Poverty" the professors have learned not to emphasize, as they formerly did, the doctrine of Diminishing Returns, although it still lingers as the substratum of all their confident generalizations. Nevertheless, they have made some progress, as they abandoned their old systems, towards the elucidation of the formulas of a real science of Political Economy in the matter of the following teachings:

(1) *The Doctrine of Differentials.*—The Industrial factors are each of them different from the others in the direction and the scope of their power. Hence they are called "The Differential Factors,"—a term unknown to the early Ricardians and to Henry George. As the "Differential Factors" produce at different costs, there are the "Differential Costs"; and, as they sell with different gains, there are the "Differential Gains."

(2) *The Doctrine That Cost Does Not Enter into Price.*—The trend of modern inquiry has been away from the Ricardian assumption that Price is determined by the cost of production. Malthus and the early Ricardians stated correctly that Rent does not enter into Price and this doctrine has been constant with the Ricardian schools. But it was based on the teaching that Rent could not enter into Price because Price was determined by the cost of production under the most adverse circumstances to which the necessities of society in the assumed state of Diminishing Returns compelled it to have recourse,—that is, the cost of production on the "Free Land," the worst in use, where a

bare subsistence only could be obtained. But the doctrine of the Differentials is superseding the teaching that price is determined by the Cost of Production. For it has been found that the cost of production is not the same to the Differential Factors and that the more efficient producers, *by their productiveness*, are constantly excluding their rivals by underselling them, so that the excluded factors cannot recover their costs, while the excluding factors are selling for a profit above their costs. *Hence it has been found by some of the more intelligent professors that none of the costs of production enter into Price,—neither Wage, nor Costs of Material, nor Interest, nor Rent.* The first of the professors to make discoveries of this nature was Francis A. Walker, who in his "Wages Question" published in the '70's advanced what was to the Ricardians a most revolutionary doctrine, viz., *that the Fixed Wages of Directed Laborers was not paid out of a Wages-Fund accumulated by the savings of the penurious and thrifty, but was paid out of the increased output of the more skillful labor,—that is, that wage was a phenomenon of Increasing Returns.* Walker did not, however, have sufficient stability of mind to retain this conclusion long; he soon forgot it, for he loved to wallow in the Ricardian mire.

(3) *The Discovery of the Two Monopolies*, PRICE-LOWERING and PRICE-RAISING Monopoly.—Professor Charles Devas of Stonyhurst College was, so far as I know, the Ricardian who discovered this profoundly important and fundamental truth. He said there are two monopolies; one maintains itself by underselling all competition and is therefore a "Price-Determined Monopoly," because it is determined by "Price," and the other is maintained by some legal privilege which enables it to check production and to exclude competition and thereby to raise prices, and therefore he called it the "Price-Determining Monopoly." I do not like his terminology, however, and employ the terms above, calling the "Price-Determined Monopoly" of Devas, the "Price-Lowering Monopoly," and the other the "Price-Raising Monopoly." Hence we find that those "costs" which are the result of the exactions of price-raising priv-

ilege "enter into Price"; but costs arising from the legitimate expenditures of the excluding factors able to maintain themselves as a part of the vast price-lowering monopoly which is the Market, do not enter into Price.

While among the professional economists there has been some sporadic development of economic truths, "islands" and "oases" in the midst of the vast expanse of Ricardian meaninglessness, the most of them have engaged in aimless metaphysical subtleties by which they sought to explore the mystery of "Value" in the supposed state of Decreasing Returns. This sort of effort has presented us with the works of Boehm-Bawerk, Smart, Macfarlane and Davenport, as well as the Singletaxer Trowbridge, who tell us that "Price" is the "*Marginal-Competitive-Social-Industrial-Utility*" of a product of labor. In other words, "Value," used as synonymous with "Price," is a purely sentimental or psychic phenomenon. But, while it is true that all men will seek to gratify their desires with the least amount of trouble, the power to exert industrial command over their willing obedience is not a matter of sentiment, but arises from SUPERIOR INDUSTRIAL POWER, the power which produces Increasing Returns and which lowers Price. The desire which prompts men is a sentiment, but the ability to gratify that desire is not a sentiment, and this is exactly what the so-called "Austrian-Theory of Value" of Boehm-Bawerk, Smart, Macfarlane, Davenport and Trowbridge overlooks.

Value, Price, Wage, Rent, Capital and Interest are all manifestations of monopoly-power; *unless there is a monopoly of some kind there can be none of these phenomena.* The Ricardians sought to derive the monopoly from the niggardliness of nature; the resulting increasing scarcity conferred an increasing monopoly-power upon all owners

of the products of labor as well as upon all those who controlled the use of the natural media (land). By niggardly thrift the niggardliness of nature was to be countered; by being meaner than with the meanness attributed to nature the penurious could out-devil nature, and, like Munchausen's wolves, eat their way into the harness. To them Value is the stress of an increasing ungratified desire, the Hunger of the World, upon the power to gratify a physical necessity, for they can imagine no other condition than that of a starving and hungry population compelled by necessity to toil for bare subsistence. Professor George Gunton, as the attacks of Henry George drove the professional economists from the open proclamation of Diminishing Returns, attempted a flank movement in which he also tried to derive Value from a sentiment, and to admit a state of Increasing Returns without developing the necessary formulas of Increasing Returns. According to Gunton Fixed Wage is determined by the "Standard of Living." Culture and convention established a certain "Standard of Living"; if a people cannot get that they will fight. But Gunton does not tell us why that standard is an advancing rather than a receding one; for supposing that we are exceedingly warlike, how can we by *fighting* increase the product of labor when our utmost labor only produces a bare subsistence? Wealth is not produced *by fighting*. Professor John B. Clarke of Columbia University has the notion that Capital does not really consist of the stock in trade in the merchant's establishment, or of the tools and machines used; it is a sort of a stream of tangible goods going through the Market,—the current that is ever flowing but never passes. Capital, he says, is something "fluid," and it is "money's worth." The merchant does not consider his stock of shoes, counters and so on "Capital"; his capital is the

money he has invested in the business or the money he can get out of it. That is, Professor Clarke saw that Capital has something to do with the stream of goods, but is not the goods. The Ricardian supposes that Capital is the tangible product of labor in the course of exchange, the tools and implements of production, for the Ricardian knows of no product of labor applied to land *which is desirable* other than the tangible goods themselves. But, in the Ricardian system there is something other than tangible goods which is produced by the application of labor to land. On account of the over-increase of the population and the meanness of the Author of Nature there is a state of Diminishing Returns. This gives an increasing starvation intensity to the natural desires, and they have attempted to measure the tension of this gravital pull to the economic bottomless pit as the explanation and theory of Value, Cost, Price, Rent, Wage and all other manifestations of the law of apportionment of the Market.

19. Ricardian Economics An Illegitimate Offshoot Of The Public Policy Of The 18th Century.—The nightmare of Ricardian economics is the afterglow of the French Revolution, which was itself rooted in the French and English political history of the prior century.

In 1648 the Thirty Years' War was ended, and Europe was compelled by exhaustion to cease fighting over religious differences. But the raging sects merely waited their time, and, when the wounds caused by the Reformation had been healed, they would have started up the fighting again. To many minds, as to PIERRE BAYLE, these obstinate, pugnacious believers were abhorrent, and it occurred to him that if the doctrine could be universally promulgated that *no certainty could be attained in matters of religion* peace would remain, for men would not fight for what they did not think was worth fighting for. Bayle founded the great

school of Agnosticism, which was wholly unheard of in Western Europe prior to the Reformation.

By sedulously preaching the doctrines of Agnosticism (from which afterwards Voltaire borrowed all his lightnings) Bayle indoctrinated the leaders of Public Opinion among the thinking elements of Europe. His philosophy had become quite popular at the time of the English Revolution of 1688.

In 1688 James II, expelled from England, went to France and was taken up by Louis XIV, the greatest politician in Europe. He conceived the plan of forming a political party, aiming at the restoration of James II to the English throne, based on two planks, one for the conservatives, viz., that James was the "legitimate" king; and another for the radicals, viz., that James, if restored, would grant religious toleration. Thus the JACOBITE PARTY, the first political party, was formed which has shaped the course of all modern Public Policy and from which we have inherited the principles of the Constitution and the Declaration of Independence, the writings of Paine, Jefferson, Madison and the founders of this nation, and from which we have derived the primitive Physiocratic science of Political Economy and the spurious Ricardian science of Political Economy, as well as the Masonic Order and some other incidentals.

There was in London at this time a man of genius, the architect who designed St. Paul's, Sir Christopher Wren. The old guilds had been abolished and no contracting masons any longer concerned themselves about keeping alive the old guild to which Sir Christopher had belonged. But he loved the ancient, impressive medieval ceremonies, and filled up the offices in the guild with the young men, sons of his clients, and used to entertain them there. Wren was a philosopher and an agnostic and a radical according to the spirit of his age; but, as he had been pensioned by the king, he did not propose to get mixed up in conspiracies. Among the young men in his circle was Bolingbroke, who afterwards attained some fame as a Platonic philosopher. Bolingbroke proposed to the others, that as the old "operative Masons" no longer employed the forms of the guild,

that they, the young men who had succeeded to the offices, should form an order of "Philosophical Masons." As the old Masons built castles, cathedrals and houses, so the "Philosophical Masons," employing the great Jacobite doctrine of religious toleration, would build the metaphysical castles, cathedrals and structures which would house the future generations of men. After the death of Sir Christopher Wren they proceeded to carry out Bolingbroke's plan, and three lodges of "Philosophical Masons" were founded, one at Calais, one at Havre, the port of Paris, and one at Paris. There in time the Frenchmen came, and as the king and the Church both favored those who for any reason planned the restoration of James II as a Catholic king, the "Philosophical Masons" started off with the blessings of the Church and with the financial support of both king and clergy. It was found necessary, however, to invent the myth of the foundation of the order of Bolingbroke by King Solomon, or the legend of its existence at the time of the building of his temple, to remove the strong Anglican flavor offensive to the French. After this the Frenchmen took to it, and in the Jacobite Lodges, Masonic Lodges, and Jacobite Clubs, as the meetings of the Philosophical Masons were indifferently called, three generations of educated Frenchmen and English exiles discussed the fundamental principles of GOVERNMENT. There it was found desirable to "tolerate" other sorts of freedom besides religious freedom,—the freedom to engage in Useful Work, for instance. Out of their discussions came the finished and polished phrases which shine in the Declaration and Constitution, in the writings of Paine, Jefferson and Madison. Finally out of the Jacobite agitations, and particularly the "lodges" of the "Philosophical Masons" laboring for the Jacobite cause in France, came an entire literature which evolved the formulas of modern democracy and Political Economy.

Newton's theory of gravitation was propounded in 1689; soon after the steam engine and the first spinning machinery was invented. Powerful moral, intellectual and industrial forces were at work undermining and dissolving the old regime. While the grand seigniors of France read with

delight in their medieval castles amidst their despised and starving peasants Rousseau's "Social Contract" and the romance of "Paul and Virginia" and professed to long for the primitive state of nature, the first Physiocrats were expounding the natural laws of growth as the formulas which should be followed by GOVERNMENT. First it was declared that there is a natural moral law, corresponding to Newton's formula of gravitation. You see the people in the city going in all directions, but their movements are not controlled by chance. Every man seeks to gratify his desires with the least amount of trouble, and this was declared to be the first, primary law of human association. Next Cantillon discovered that all wealth was the product of labor applied to land. Then the money-trapping trade restrictions of the Merchantilists were denounced by a number of brilliant writers of the more moderate "Economists" as they were then called, Herbert, Morellet, Clicquot, Bler-vacho, Bigot de St. Croix, l'Abbe Coyer and Gourney, their leader; while the better and abler number followed Quesnay,—Turgot, Mirabeau, Baudeau, Abeille, Du Pont de Nemours, Roubaud, St. Peravy, Letrosne, Le Mercier de la Riviere, Karl Freidrich (Margrave of Baden) and Condorcet, of whom the elder Malthus, William Godwin and the English radicals, whose pamphlets Thomas Paine devoured when a youth in England, were followers. It was in 1763 that Adam Smith met the French economists of this school and learned from them the elements of their science which he put forth with great moderation in his "Wealth of Nations," published in 1776, for the Declaration of Independence and the first treatise on Political Economy published in the English language, appeared in the same year, and both received their inspiration from the same source. Dr. Francois Quesnay (b. June 4, 1694; d. Dec. 16, 1774) was the greatest of all the "Economists" or "Physiocrats." Adopting the teaching of Cantillon that all wealth is the product of labor applied to land and the maxim that all men seek to gratify their desires by the least amount of trouble, he held that GOVERNMENT should make its laws conform to the necessities of these two primary requirements

of voluntary action so that thereby its powers would not be oppressively exercised. Natural law, he claimed, is a beneficent power, it is the law of growth and there can be no lasting progress without conforming to it. By natural law all wages, prices and values are fixed, and it is by natural law that of the values produced by the application of labor to land that all values, except the value that attaches to land, are distributed, but the value that attaches to (agricultural) land tends to pile up on the place and is not distributed by natural law. He called this value that attaches to the land the "*Product Net*" and argued that it is the sum which natural law tenders to GOVERNMENT as the sole proper and legitimate source of public revenue. He therefore advocated the imposition of one tax in place of all other taxes, L'Impot Unique, THE SINGLETAX, which, like Henry George, he thought was a tax which could not be shifted. His book set forth arguments which he had long advocated and which had not interfered with his appointment as "King's Physician," the highest attainable place in his profession, and was published in 1772, entitled "*Physiocracy, or the Greater Advantage to the Human Race of the Natural Constitution of Government.*" When Louis XVI came to the throne he was 18 years old, and Quesnay lived seven months afterwards. The young king was so much impressed with the justice of Quesnay's system that he attempted to reform the tax system of France in accordance with it and called to power Turgot, Quesnay's greatest disciple, and made him Minister of Finance. So near did the Singletax come to saving France! But the Clergy and Nobility rebelled at it, because, like HENRY GEORGE'S SINGLETAX, it involved the confiscation of landvalues, and this brought on the Revolution.

The Physiocrats attached supreme importance to the laws of nature. Nature to them was a beneficent power, the forces of nature are all harmoniously adjusted to human nature and to human needs. When the Revolution broke out Condorcet and the surviving economists of the old school went with the Girondists and they perished with the slaughter of the Girondists by the *commune* of Paris under

Robespierre. And Condorcet had argued that by conforming to the laws of nature man might hope to abolish both poverty and old age!

Borrowing certain phrases from the Physiocrats, the rabble, who were inflamed by the declamations of Rousseau and followed the leadership of Robespierre and Marat, emphasized the doctrine of equality. "*Man is born free, but is everywhere in chains,*" said Rousseau. Here was the natural law to which man must conform to prosper; cut off the heads of all the aristocrats and kill off all those who think themselves to be better than anybody else and you will have established "LIBERTY, EQUALITY and FRATERNITY." The followers of Robespierre and Marat called themselves "Jacobins," naming themselves after the heroic clubs long since passed away, and by their atrocious crimes they made the name of the great party odious. Their remedy for all social ills was the guillotine and the Terror, and it was to meet this condition that the Ricardian economics were devised.

Thus we see that the Ricardian economics was a necessary development of the crafty Public Policy of the Eighteenth Century. For seventeen years the French Revolution had embroiled all Europe in war. These wars seemed to have had their origin in the agitations of the followers of Rousseau and, to some slight extent, from the promulgation of the Declaration of Independence and the Constitution of the United States. If the agitation of the "rights of man" involved such consequences, that agitation must be stopped. We can not realize the fear and horror with which the responsible minds of Europe,—not the "nobility," but the persons responsible for the direction of Useful Work,—regarded the excesses of the French Revolution, for the latter was, in fact, a perfect pandemonium of insanity. The Ricardian economics was necessary to prevent the universal spread of such madness and it has served a useful purpose. But it has at last involved the nations of Europe in a greater

war than any of those of Napoleon. The leaders of Europe have all been trained in the Ricardian system, of which all modern economic sects or cults are offshoots, not only the dull system of the colleges, but the system of Marx and George as well as the negations of the Anarchists. Marx and George tried to humanize it; the Anarchists accept its gloomy conception as the necessary consequences of Governmental authority. In international policy its effect has been to teach that the interests of each nation are in conflict with the interests of every other nation; there is not enough prosperity to go round; if you want "*a place in the sun,*" you must kick the other fellow out of your way. So that while Ricardianism checks and suppresses the agitation for Utopian schemes of betterment and gives to the demagogue a hard road to travel, *it finally arms nation against nation and fills the world with misery and hatred.* It is an illegitimate development of Machiavellian Public Policy which *lies* to accomplish its purpose. If you teach the people that nothing can be done to better their condition; that poverty is the result of natural law; that in the struggle for existence only the strong, the mean or the deceitful survive, they will incorporate these lies in their Public Policy. A lie may serve a temporary purpose, but in the end it will bring its harvest of death.

20. Because Of The Fact That Ground Rent Does Not Attach To Agricultural Land There Will Be No Attempt To Levy The Singletax Upon The Value Of Improved Farms.—Ground Rent, or land value in the economic sense, does not attach to agricultural land except as a temporary characteristic. Just as, in the first instance of its application at the time of the issue of the Improvement Bonds of the United States, the levy of the Singletax will enrich many owners of urban lots by reason of the sudden rise in the

value of these lots, so many owners of improved farms will profit. For no attempt can logically be made to levy any tax upon the value of improved farms, and until the entire body of unimproved lands are thrown on the Market, and the value of the greater part of the agricultural land destroyed, a value which *could be* the subject of taxation will attach to most improved farms. But the tax which will be levied will not appropriate Ground Rent except where it falls on the value of urban lots, and the tax which will be levied on agricultural land will rather be in the nature of a penalty for withholding such land from use, rather than an attempt to appropriate Ground Rent. For that reason the value assessed as the present annual value of improved farms will not be collected from their owners,—the assessment being made merely for the purpose of appraising the amount for which they will be compensated for the value to be destroyed. The assessment will be imposed on the title owners of the unimproved lands and these lands will be sold so as to force into use the resources of the country. An arbitrary decision must be made in many cases to determine whether a partially used, or imperfectly improved farm, could be classified as an improved farm or not. Favoritism might be disclosed in many cases, but it may be assumed that the pressure would immediately be great enough to force into the Market the greater part of the unused and unimproved land. But the improved farm would bear no tax and be threatened with no tax, while the owner would have the written guaranty of the United States which would allow him for 25 years an annual credit equal to the present annual rental value.

21. The Seventy-Five Billion Dollar Issue Of The Improvement Bonds Of The United States.—Let us suppose that the present rental value of all urban, agricultural, min-

eral and forest land of the United States has been carefully assessed, and that it has been found that the annual rental value of the agricultural, mineral and forest land is \$3,000,000,000, or about 6 per cent interest on a valuation of \$50,000,000,000, worth of wholly unproductive capital now sponged up in the value of the titles. We propose to release that capital for productive use, but in such manner that the owners may get the use of it without disturbing the security of their use and possession of the land, and that this vast sum may in the ordinary course of business flow out to expend itself in the purchase of supplies from cities so that the cities will no longer be obliged to carry the agricultural industry as a dead weight and burden upon them. We know that if THE SINGLETAX is imposed that it will destroy the greater part of the value of this agricultural, mineral and forest land, and cause many times the amount of the value taken from these lands to attach to urban sites. We perceive that the value of this land is merely the value of a mortgage upon all the industries, rural and urban, of the entire country which holds in its pledge twice as much capital as it calls for; that by releasing for productive uses the fund thus imprisoned one hundred million dollars' worth of credit is added to the productive capital of the Nation. Knowing this, we propose to prepare to levy the real SINGLETAX, the tax on urban rents, not the Ricardian Singletax of Henry George.

The first step in this process will be to issue to the owners of all non-urban lands, the value of which will be destroyed by the SINGLETAX, debentures of the United States by which a credit, equal to the annual assessed rental value, will be advanced annually for 25 years. This will constitute a 25 years' purchase. There will be given to the owner of the land, or to the mortgagee of such lands under proper condi-

tions, the annual credit equal to its present rental value, or in case of lands withheld from use, to an assessed rental value based upon its present cash selling value. These bonds should be serially numbered and issued to the owners of tracts named in them, so as to be identified. The bonds or debentures are not to be assignable except under conditions provided, for they will bear on their face the statement that they are "The Improvement Bonds of the United States" issued for the particular purpose of releasing for productive use the capital now imprisoned in the value of the agricultural, mineral and forest lands. The beneficiary named in the bonds, or his heir or assigns, will not receive the money directly that is called for by the bond. But in every county an expert agronomist and Federal official will be placed whose duty it will be to determine what particular expenditures may be made of the fund thus provided by the Government. The beneficiary named in the bond may elect to improve his own land or any other land; it will be merely the duty of the agronomist to see to it that the proposed expenditure is a fitting one. Thus the owners of the land will have paid out for their use capital equal to their annual rent for 25 years which they will not be allowed to expend in any other than a productive manner. During this period, while the Government is assisting them in the improvement of their lands, the agronomists will necessarily instruct the farmers in the art of scientific agriculture, so that when the period is completed their farms will all be most highly improved, and they will also have been made in their skill and efficiency equal to the skilled artisans and professionals of urban life. The farmers will of necessity be compelled "to go to school" and all of them at once, for otherwise they cannot get the fund that is provided for them. At the end of the 25 years the man who now owns

100 acres, worth \$5,000 as a cleared site, will have received in credit \$7,500 which will have been all invested in permanent and useful improvements under the direction of the most skilled and competent directors. His efficiency will have been increased, and that value which was formerly in his land will now be a value working for him in the vastly increased utility of his improvements as well as in his newly acquired skill and knowledge.

After these preliminary arrangements have been made THE SINGLETAX will be levied as a tax equal to the annual rent upon the *unused and unimproved agricultural lands*—the improved agricultural lands being exempt. This distinction is made for the purpose of forcing the immediate sale and disposition of all unused land. In the case of very imperfectly used land some penalty in the nature of a tax may also be imposed,—but no attempt will be made to levy the SINGLETAX on improved and cultivated land. Then the value of the greater part of the agricultural land will disappear as the value is ruthlessly taxed out of the unimproved land and the huge tracts are thrown on the Market. Except for the mechanism of these bonds this value would have had no way of appearing in the Market when the releasing tax severed the legal restrictions which hold it where it now is. The issuance of the bonds, however, preserves all individual credits, mortgages and pledges, so that the institution of the SINGLETAX would not cause the loss of credit to any industrial factor. Immediately with the expenditure of the credit represented by the bonds would come the tremendous demand upon the industries of cities for supplies. The competition of superior methods would cause them to tender a rapidly increasing sum for the privilege of exclusion and the ground rent of urban sites would rapidly rise. This rise would be based upon the calculations of both

present and future business based on the certainty of the credit being and about to be expended for the period of 25 years. It would also be based on the fact that the disappearance of the withholding fictitious value of the agricultural lands would divert vast sums to productive use upon them which otherwise would have been expended in buying or renting them, and other sums which would not have been expended at all. That is, the sum now annually paid out for the mere rent of the land available for cultivation will be expended in improving the agricultural area plus the sum paid out by the Government as the credit represented by the bonds.

The present value of urban lots is much in excess of the value of all non-urban lands and that excess is increasing. From the ground rent of urban lots there would be, on the first imposition of THE SINGLETAX, a revenue amply sufficient to meet the accruing obligations of the bonds. But this ground rent first collected by the SINGLETAX would be merely the present ground rent of the urban lots and would not include any of the increase in their value resulting from the destruction of the value of the agricultural lands and the issuance of the bonds. Upon the first levy of THE SINGLETAX all the increase, or Rise in Rent, would become the property of the owners of the sites. The revenue thus derived, while it would be sufficient to redeem the bonds, would not be sufficient for the expenses of the Federal, State and local governments, and for some time it would be necessary to supplement the taxation of land values by other forms of taxation, the Income Tax on the owners of the urban sites being the most just and least oppressive. For the value of these lots would jump to staggering figures as the vast flood of hitherto unused capital rushed in the Market and these persons would be unjustly and enormously

enriched. The speculative enhancement in selling value of all urban property under these conditions would enable all weak holders, unable to improve them, to dispose of their lots at a profit.

The agricultural lands being valueless the farmers would be exempt from taxation. If there were lands in the country which, at the beginning of the second decennial period, would still command a price, it would be because the resulting conditions had enhanced their value; and as in the case of city lots, they would command a price-lowering rent. But these would be few in number and would rapidly diminish as the capital invested in the improvement of other lands brought all agricultural land to a common state of utility. The farmer would have his land and the value of his land (although he would have the latter in another form) and he would be released from all taxation, both direct and indirect. And immediately the interests controlling transportation and the manufacture and sale of the products of the superior or controlling industrial functions (the so-called "Trusts") would visibly become also, what they are essentially in fact, price-lowering monopolists, for they could no longer increase their market by artificially raising the prices of their products to cut off the drainage of capital into the morass of agricultural land value. They would be obliged to make their profits legitimately by THE FALL IN PRICE. Then the farmer would get better and cheaper transportation; everything that he would buy would become cheaper. The cities would inundate him with goods, and the agricultural population, skilled, efficient and supplied with abundant capital and land, would pour their reciprocal gifts into the laps of the cities which were their benefactors.

In a similar way we may suppose that the owners of mineral and forest lands would be provided with compensa-

tion and instruction. For every coal mine in use there are five just as good or better wholly unused. We want cheap fuel, steel and glass, copper, zinc and other of the great mineral stores of nature, and we should see to it that the great forest area is cared for, and that all our national resources are conserved.

By this means, we can release the vast fund of unused credit and forever abolish poverty, panics, uncertainty and economic distress from the world. The European nations could not hold their populations unless they followed our example. The wage-standard is the measure of the worth of any civilization; measured by this we are not much better off than the Europeans when they are at peace.

22. The Method Of Assessment Of The Singletax By Which The Improvement Bonds Of The United States May Be Secured.—The method of assessment of THE

SINGLETAX is simply the method of determining *The Accrued Increment*. I will assume that after ten years, or a decennial period, the benefits of the Fall in Price have been so digested by the existing industries that the Rise in Rent, or the Accruing Increment of the tenth year before, has become standardized and incorporated in the Accrued Increment. To assess the tax, it will only be necessary to make an annual public record of the value paid for each year by tenants (or an estimate of the annual present value for owners using their own property). This rent (which includes the accrued as well as the accruing increments) ten years afterwards becomes the amount of the annual tax,—the rent actually paid by the tenant to the owner for the year 1916 becoming the amount of the tax in the year 1926; the amount paid by the tenant to the owner for the year 1917 becoming the tax in 1927, and so on. Thus the officials who will be called upon to determine the amount to be paid in

1926 will only have to ascertain what the actual rent was that was paid in 1916, *and they will have ten years to do it in.* By this time all disputes could have been litigated to a conclusion. The officials of GOVERNMENT will have nothing whatever to do with determining the value of the lot, or how much should be paid as a tax upon it, once the system is put in operation. That will be spontaneously determined by the parties chiefly concerned about it,—the landlord and the tenant whose opposing self-interests alone adjust and fix it. For we know that an honest assessor, who is at the same time accurate, is impossible, and the only assessment which could be made the basis of THE SINGLETAX must be the assessment made by the returns, and in which the *Rise of the Accruing Increment*, subject to legitimate appropriation by the landlord, *increases the selling value of the land.*

For when THE SINGLETAX is simultaneously levied upon all the urban and unimproved lands of the United States which have a rental value, rent will only be paid to exclude those uses not excluded by THE FALL IN PRICE and RISE IN WAGE. Only in cities are sites for which the superior uses would compete for the advantages to be derived from the saving of time and expense in being near to each other and to their Market. With the RISE IN WAGE will come the increasing RISE IN RENT, which under THE SINGLETAX will greatly exceed the total annual rent now collected by the owners of urban sites and which will increase with every increase of the Accrued Increment. For the Accrued Increment is the stabilization of all values; by it the Fall in Price is maintained at the maximum so that this form of gain formerly derived from ancient excluded methods is not lost, and by it the Rise in Wage, resulting from the Fall in Price, advances proportionately. As the Rise in Wage cannot

occur except by the continuous exclusion of inferior methods, the Rise in Rent of urban lots must necessarily be constant, and progress at an accelerating rate.

For a period of ten years, after the first institution of the PRIMARY SINGLETAX, it would be necessary to supplement the revenue derived from it by an income tax, or more particularly, the tax on the incomes of landlords collecting urban ground rent, for during this period the line of demarcation between the accrued and the accruing increments would not be clearly defined. But after the period of assessment had closed (which I merely assume to be a decennial period) then the SINGLETAX will properly begin to fall. If we say that the PRIMARY SINGLETAX is assessed in the year 1916, the amount collected by it will not change for 10 years. In the meantime, by reason of the throwing open to use of all the unused agricultural, mineral and forest areas of the Nation, and by reason of actual and prospective expenditure of \$75,000,000,000 in improving the country there will immediately attach for the year 1917 a Rise in Rent or speculative increase which the landlord will collect. Next year he will collect another increase and so on; it will be ten years before the PRIMARY SINGLETAX will have arrived to the point where it will be just ten years behind the Accruing Increment. For in the year 1927 the tax will take as the accrued increment the original Primary Singletax assessed in the terms of its present value plus the Rise in Rent of 1917. During this ten years the landlord will have his rent leaping forward in giant strides, while his tax on ground rents will remain constant at the old figures that it was in the state of minimum, interrupted increasing returns which now exists. It would be the same to him as if he were now called on to pay the taxes assessed against his lot in the days when the great city was a village.

23. The United States Goes To War. GOVERNMENT, as one of the three primary divisions of *useful work*, arises out of that work which coördinates the activities of the groups engaged in SERVICE and INDUSTRY, according to the principle of *functional control*. In the act of coördinating the activities of these groups, the work of Government, by the selection and rejection of existing group opinions, forms Public Opinion as that which it will enforce as Public Policy. The policy which GOVERNMENT seeks to enforce will be that which is required by the work which most contributes, *under existing conditions*, to the improvement of method, so that the roots of all governmental policies are always deeply embedded in these sources of betterment. When this Public Policy rises to assert itself it employs all the organs of publicity and makes use of every *moral, intellectual, industrial and physical* force to coördinate all social activities. Although SERVICE, INDUSTRY and GOVERNMENT are each in their proper fields sovereign and each command the whole of the forces of society, they severally do this each in their own way, but GOVERNMENT acts by the manufacture and enforcement of *Public Policy*. Consequently, GOVERNMENT is much more than the act of applying *physical force* to the enemies of public order. It is the act by which *moral, intellectual and industrial*, as well as *physical* force is employed for a single sovereign and controlling purpose. In proportion as GOVERNMENT fails to wield the moral and intellectual forces of Civilization, it must employ physical force and correspondingly draw upon or deplete and disorganize the existing financial and industrial activities. An efficient GOVERNMENT must necessarily be one which *at all points* will be prepared to exert the whole of the forces of Civilization according to the necessary requirements of Public Policy,

and, as such, must be prepared to wield its physical forces with modern military and naval effectiveness. Whatever is worth doing at all is worth doing well; hence, if we are to have an army and navy these arms of the GOVERNMENT should be powerful enough to be feared by our enemies and respected by our friends.

But as GOVERNMENT makes war in the last extremity by the employment of physical force, so it also continually wages a war of opinions—an intellectual and spiritual war—by the example and collective influence of its institutions. For 140 years the people of the United States have waged this sort of a war upon the European establishments and have sought to overthrow them and to subdue them to the similitude of its own institutions. We have opposed to the European standard of living a better standard and to the European *caste system*, the unlimited field of industrial and social opportunity, having barred the foreign-born only to the Presidency itself. Thus we have been fighting, for everything must thus fight to maintain its existence, but in this sort of a war we have invaded no human rights and have made no peoples hostile to us. By our example we have shown that a confederacy, and then an organic *Union*, of sovereign states is possible and practical when the principles of association and government of these states is that sort of Public Policy which arises from the functional subordination of necessary acts, *i. e.*, the *Public Policy of Useful Work*. If the European nations had been properly solicitous for their own good they would, like our colonies, have first formed a *Confederacy*, and then the *Public Policy of Useful Work* would have welded them into a *Union* as strong and as stable in its equilibrium as our own.

The Public Policy of Europe has been the *Public Policy*

of Useless Work, its instruments have been diplomats, liars and spies in times of peace, and, as the inevitable outcome of these instruments, finally, armies, big cannon, submarines and gas machines. It is by such means that these misguided people seek their peace, and the utmost they can expect is to have their social equilibrium balanced on the points of bayonets. But peace is the uninterrupted continuity of all Useful Work in SERVICE, INDUSTRY and GOVERNMENT; it is not to be obtained in any other way than by that sort of Public Policy which we, in a crude and unsatisfactory way, employ.

We also have been fighting for peace. There are forces constantly warring upon Useful Work, and these forces must be eliminated. The enemies of the nations are the causes invisible to them. The enemies of the Germanic Alliance are not the populations with which they are in open war; neither are the enemies of the Franco-British-Russian Alliance the starving populations of Germany. The cause lies in the force restraining all these people from adopting the obvious policy which prompted the American colonies to unite for their common welfare. *That force is the Ricardian reaction against the doctrines of the French Revolution when the excesses of the latter, as the Revolution became subject to the degrading influences of the Marginal Intelligence of the Ward-Clubs of Paris, prejudiced all Europe against the popular agitation and discussion of the natural laws relating to social growth and economics. The Ricardian sociology has continuously taught the rulers and publicists of the European states that, by reason of diminishing returns the interests of their populations were adverse to each other and has made the natural and obvious course suggested by the example of the United States impossible and impractical to them. "The*

Disunited States of Europe" suffer from this cause alone. Although, doubtless, very few of the millions engaged in this war have ever heard of Ricardianism, or its formulas based on the assumption of diminishing returns, the Ricardian conception of sociology has controlled all the public men of Europe, and in its lies and sophistries they have been trained. Hence *the real enemy which the Europeans are fighting is the malignant restraining check of the superstitions of Ricardian economics, represented by the teaching authority of a few feeble old men of harmless, inconsequential appearance and intellect who are engaged in perverting the minds of the youths of these nations. If Europe, at the cost of one-half of its fighting men and with the loss of all its tangible goods, is able to shake off its back these strangling representations of "The Old Man of the Sea," the Europeans will do well.*

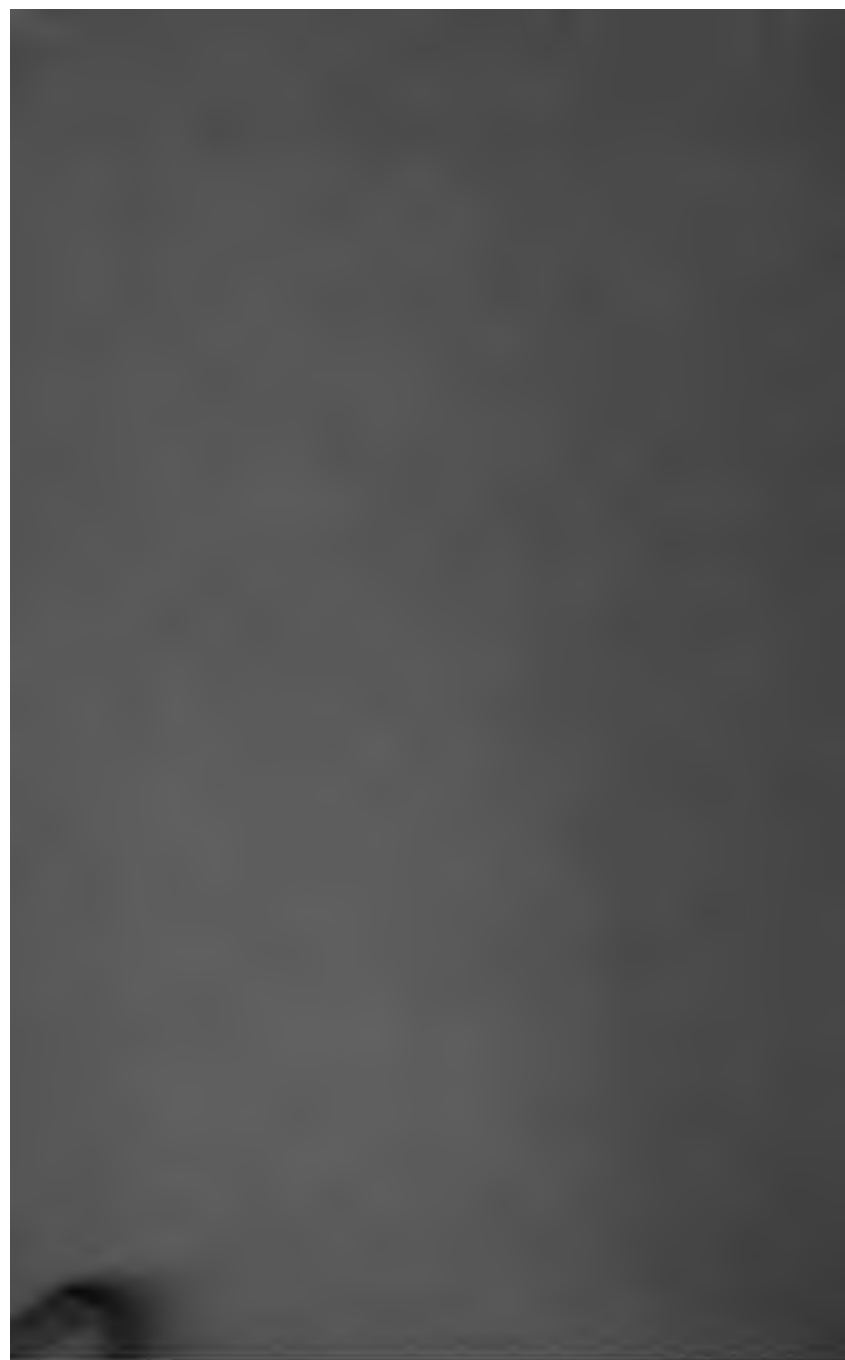
The object, end, and purpose of Civilization is to realize the meaning and worth of life. What is life worth? It is to that end that SERVICE suffers, INDUSTRY toils and GOVERNMENT plans. In that war of purposes and ideas which long precedes the open outbreaks of physical disturbance when nations rise against nations, it is our duty to play an heroic part in elevating the standards of Civilization by elevating the Standards of Life. This is to be accomplished, not by mere words or intentions alone. First comes the "*good thought*," then the "*good word*," then the "*good deed*," as the *Avesta* says. The "*good thought*" may be vanity, the "*good word*" may be a lie, but the "*good deed*" speaks for itself.

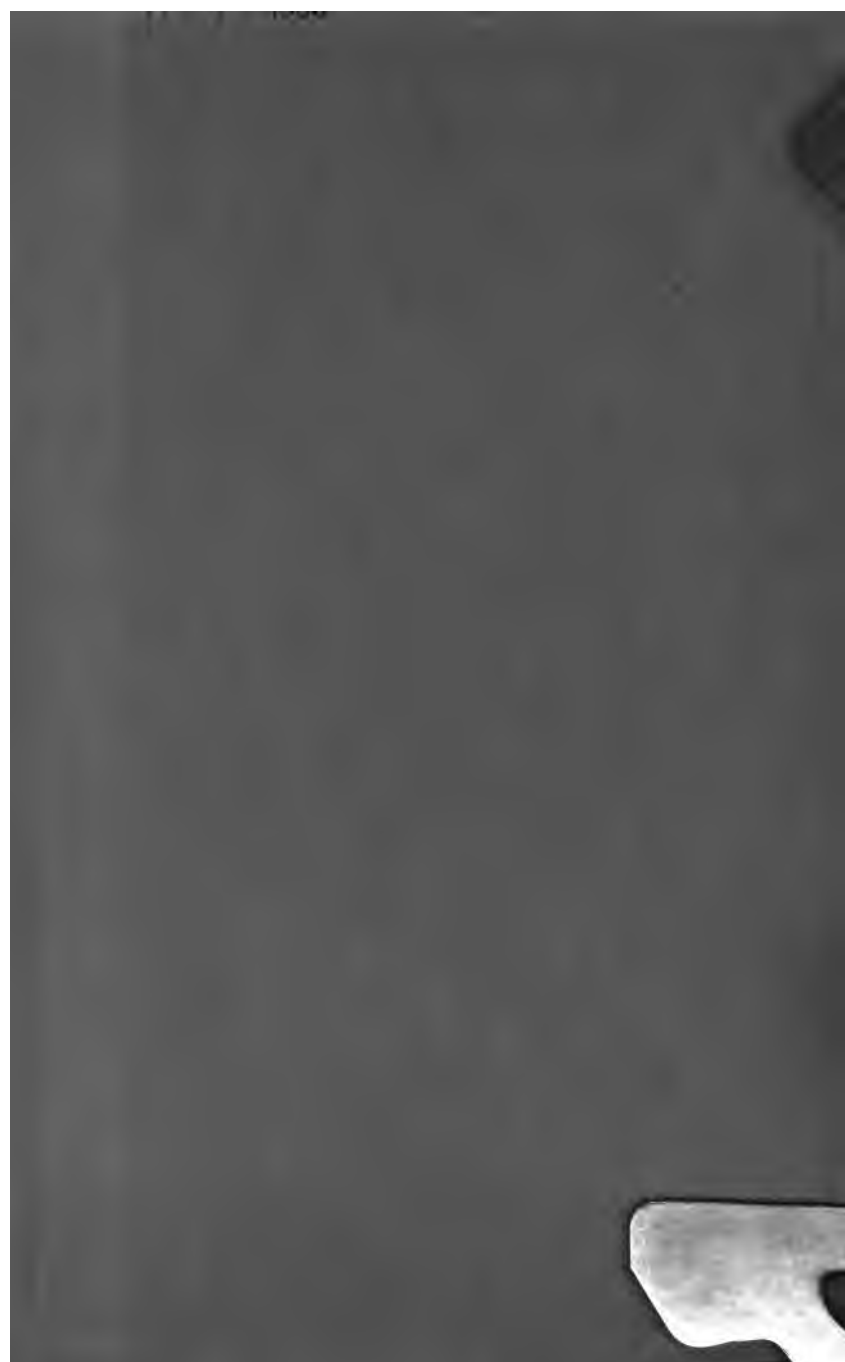
All men can understand and appreciate that the civilization paying the highest wage is, other things equal, the best; and, that the policies which secure that result are the best. To each civilization there may be applied

three infallible tests as to its worth, viz., the test of SERVICE, the test of INDUSTRY and the test of GOVERNMENT. But the easiest of these is the test of INDUSTRY.

In the year A. D. 1500 the daily wage of the unskilled laborer would buy more of the necessities of life than \$3.00 would now buy. But what would the wages of such labor now be worth, if all the unused purchasing power—resulting from modern improvements—now absorbed by the useless value attaching to non-urban lands, was released for productive expenditure by the issue of The Improvement Bonds of the United States? Seventy-five billion dollars is an amount, perhaps, too great for individual comprehension. It will be understood better as the capitalization of the annual sum diverted from the Indeterminate Wage or Profit (out of which all Fixed Wages are derived) of all the industries of the United States. It is an amount equal to the entire cost of the European War, lying concealed and unproductive in the worse than useless value of our non-urban lands, which if released for productive expenditure would heal the wounds of Europe, knit the nations together in the enduring bonds of prosperous friendship, enrich ourselves beyond our most hopeful expectations, and forever banish from the Earth all wars of industrial or economic origin. By permitting this vast sum to be diverted from productive use, we are not only guilty of the greatest folly in a business sense, and are failing to play the part which the United States as a nation has had assigned to it, but the act is also as great a crime against Industry, the material foundation of Civilization, as the vicious expenditure of a like sum in the European War is a crime against Civilization itself. Let us hope that the leaders of the great parties, about to interrogate Public Opinion, will counsel the people of the United States to mobilize their vast forces for an unparalleled, intelligent and heroic assault upon War itself by the removal of the economic causes which lead to War. ✓

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